

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 60<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB3705</b>
<b>Version:</b>	<b>INT</b>
<b>Request Number:</b>	<b>15075</b>
<b>Author:</b>	<b>Caldwell (Chad)</b>
<b>Date:</b>	<b>2/6/2026</b>
<b>Impact:</b>	<b>Potential decrease in revenue of \$50,000,000</b>

**Research Analysis**

HB 3705, as introduced, increases the cap on tax credits for private school students under the Parental Choice Tax Credit to \$300 million total. The measure further provides that if in any subsequent year, the credits claimed equals or exceeds 90 percent of the cap, the cap shall be increased by \$50 million.

Prepared By: Emily Byrne

**Fiscal Analysis**

As introduced, HB3705 increases the annual cap for the Parental Choice Tax Credit from \$250,000,000 to \$300,000,000 for FY27.

Officials from the Oklahoma Tax Commission have provided the following analysis:

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**ESTIMATED REVENUE IMPACT:**

**FY27: Potential decrease in income tax collections of \$50 million.**

**ANALYSIS:** The Introduced Version of HB 3705 proposes to amend the *Oklahoma Parental Choice Tax Credit Act* (70 O.S. §§ 28-100 et seq. by increasing the annual FY cap from \$250 million to \$300 million effective for FY27. If in any FY the total amount of credits claimed and approved equals or exceeds 90% of the annual cap, the cap for the next FY will be increased by \$50 million. Oklahoma Tax Commission data<sup>1</sup> for the 2025-2026 school year shows that \$249.1 million was expended on private school tuition. An additional \$2.7 million was expended for financially disadvantaged and homeless students, but these payments are not subject to the overall cap.

The Tax Commission apportions sufficient individual income tax collections to the Parental Choice Program fund on a monthly basis. If this measure is enacted, the Tax Commission may have to apportion an additional \$50 million by August 30, 2026.<sup>2</sup> These apportioned amounts are ultimately refunded to taxpayers, thereby decreasing net income tax collections. The total amount apportioned and refunded would increase if this measure is enacted.

Prepared By: Zach Penrod, House Fiscal Staff

**Other Considerations**

None.

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