



BILL/VERSION:	SB 1389 / Committee Sub (Req. No. 3705)	ANALYST: MK
AUTHORS:	Sen. Daniels & Rep. C. Caldwell	DATE: 2/20/2026
TAX(ES):	Income Tax	
SUBJECT(S):	Parental Choice Tax Credit	
EFFECTIVE DATE:	Upon Passage and Approval	Emergency <input checked="" type="checkbox"/>

ESTIMATED REVENUE IMPACT:

FY26: No change in income tax collections.¹

FY27: No change in income tax collections.¹

ANALYSIS: The Committee Substitute² for SB 1389 (Req. No. 3705) proposes to amend the *Oklahoma Parental Choice Tax Credit Act* (70 O.S. § 28-101) by increasing the annual fiscal year cap by \$25 million for FY27 and subsequent fiscal years. Oklahoma Tax Commission (OTC) data³ for the 2025-2026 school year shows that \$248.4 million was expended on private school tuition. An additional \$2.6 million was expended for financially disadvantaged and homeless students, but these payments are not subject to the overall cap.

APPORTIONMENT IMPACT: The OTC apportions sufficient individual income tax collections to the Parental Choice Program fund on a monthly basis. These apportioned amounts are used to issue PCTC payments to taxpayers and reduce net income tax revenue accordingly. This measure would require the OTC to increase the amount apportioned to the Parental Choice Program fund by \$25 million, with a corresponding decrease in income tax revenue available for apportionment. The distribution of this impact between FY26 and FY27 is unknown.

¹ While it is unknown if the increased cap will result in additional claims, an additional \$25 million of income tax collections will be apportioned to the Parental Choice fund in anticipation of paying more Parental Choice Tax Credit payments. The timing of the effective date of this measure may occur as early as FY26.

² The Introduced version of SB 1389 proposed to increase the annual FY cap by 20% if the credits approved were at least 90% of the current cap.

³[Parental Choice Tax Credit \(PCTC\) Report for School Year 2025-2026](#)

2/20/26

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**REVENUE IMPACT STATEMENT
2026 REGULAR SESSION
60TH LEGISLATURE, 2ND SESSION
SB 1389 COMMITTEE SUBSTITUTE**

CURRENT LAW: Under current law, The Parental Choice Tax Credit program provides a refundable income tax credit of \$5,000-\$7,500 for eligible Oklahoma taxpayers who pay, or expect to pay, qualified expenses such as tuition and fees to an eligible private school on behalf of an eligible student that attends or plans to attend an eligible private school during that tax year.⁴ The credit has an annual FY cap of \$250 million.

⁴ Additionally, the PCTC program offers parents a refundable income tax credit of up to \$1,000 for qualified home school expenditures per child which is claimed on the parent's income tax return. The home school expenditures credit is not affected by this measure.