
BILL/VERSION:	SB 1389 / Introduced	ANALYST:	MK
AUTHORS:	Senator Daniels	DATE:	1/30/2026
TAX(ES):	Income Tax		
SUBJECT(S):	Parental Choice Tax Credit		
EFFECTIVE DATE:	November 1, 2026	Emergency	<input type="checkbox"/>

ESTIMATED REVENUE IMPACT:

FY28: Potential decrease in income tax collections of \$50 million.

ANALYSIS: The Introduced Version of SB 1389 proposes to amend the *Oklahoma Parental Choice Tax Credit Act* (70 O.S. §§ 28-101) by increasing the annual FY cap by 20% of the cap if the total amount of credits approved equals or exceeds 90% of the annual cap effective for FY28 and subsequent FYs. Oklahoma Tax Commission data¹ 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. 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. If FY27 credit payments exceed \$225 million, the cap for FY28 will increase by \$50 million.

¹https://oklahoma.gov/content/dam/ok/en/tax/documents/resources/reports/pctc/2026/PCTC_Report_010_22026.pdf

1/31/26

DATE

Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

1/31/26

DATE



MARIE SCHUBLE, DIVISION DIRECTOR

1/31/26

DATE

Joseph P. Gappa

JOSEPH P. GAPPY, FOR THE COMMISSION

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.² The credit has an annual FY cap of \$250 million.

² 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.