



BILL/VERSION:	SB 1776 / Proposed Committee Substitute	ANALYST: TB
AUTHORS:	Sen. Pugh	DATE: 2/14/2026
TAX(ES):	Individual Income Tax	
SUBJECT(S):	Credit	
EFFECTIVE DATE:	November 1, 2026	Emergency <input type="checkbox"/>

ESTIMATED REVENUE IMPACT:

FY27: \$0

FY28: Decrease in income tax collections of approximately \$17.5 million

ANALYSIS: SB 1776 proposes a new refundable income tax credit for certified teachers employed by Oklahoma public school districts, available for tax year 2027 and subsequent tax years. The Proposed Committee Substitute for SB 1776 clarifies that the credit is for teachers who begin their eighth consecutive year of service in the same school district.

For tax year 2027, eligibility is limited to teachers whose eighth consecutive year of service begins between January 1, 2027, and December 31, 2027. Teachers whose eighth year began prior to January 1, 2027, are not eligible for the credit for tax year 2027.

Based on planning-level data provided by the Oklahoma State Department of Education, approximately 1,745 teachers are expected to begin their eighth consecutive year of service in the same public school district during tax year 2027. Applying the \$10,000 credit amount to this population results in an estimated tax year 2027 impact of approximately \$17.5 million.

A \$17.5 million decrease in income tax collections is expected to occur in FY28 when tax year 2027 returns are filed. The estimate reflects gross credit claims and does not account for potential future recapture related to post-eligibility retention requirements. While the statute provides exceptions to recapture for reductions in force, death, or documented medical hardship, the frequency and revenue effect of recapture cannot be reliably estimated at this time.

2/14/26
DATE

Huan Gong
DR. HUAN GONG, CHIEF TAX ECONOMIST

2/15/26
DATE

Marie Schuble
MARIE SCHUBLE, DIVISION DIRECTOR

2/15/26
DATE

Joseph P. Gappa
JOSEPH P. GAPPA, FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted. This estimate reflects current available data as of the date of issuance and is subject to revision if additional information becomes known.