



BILL/VERSION: SB 1776 / INTRODUCED

ANALYST: TB

AUTHORS: Sen. Pugh

DATE: 1/25/2026

TAX(ES): Individual Income Tax

SUBJECT(S): Credit

EFFECTIVE DATE: November 1, 2026

Emergency

ESTIMATED REVENUE IMPACT:

FY27: Decrease in income tax collections between \$7.0 million and \$61.9 million.

FY28: Decrease in income tax collections between \$17.5 million and \$154.9 million.

ANALYSIS: SB 1776 creates a one-time, refundable Oklahoma income tax credit of \$10,000 for certified teachers employed by Oklahoma public school districts who begin an eighth consecutive year of service in the same school district. The credit applies for tax year 2027 and subsequent tax years. To remain eligible, a teacher must continue teaching in the same district for the remainder of the eighth year plus three additional consecutive years, subject to limited statutory exceptions.

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 and 13,741 teachers are expected to begin their ninth or later year in the same district.

It is unclear whether the credit applies only to teachers who begin their eighth consecutive year in 2027, to teachers whose eighth year of teaching includes any part of 2027 (i.e., teachers whose eighth year is the 2026–2027 school year), or more broadly to all teachers who have completed at least eight years in the same school district. Depending on how eligibility is determined, the estimated impact is a decrease in income tax collections ranging from \$17.5 million to \$154.9 million in calendar year 2027. Due to reduced withholding and estimated tax payments, between \$7.0 million and \$61.9 million of this impact is expected in FY27, with the full decrease of \$17.5 million to \$154.9 million expected in FY28.

2/3/26
DATE

Huan Gong
DR. HUAN GONG, CHIEF TAX ECONOMIST

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Marie Schuble
MARIE SCHUBLE, DIVISION DIRECTOR

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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.



OKLAHOMA
Tax Commission

**REVENUE IMPACT STATEMENT
2026 REGULAR SESSION
60TH LEGISLATURE, 2ND SESSION
SB 1776 INTRODUCED**

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.