To amend the Internal Revenue Code of 1986 to exclude certain students from the calculation to determine if certain private colleges and universities are subject to the excise tax on net investment income, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 2, 2024

Mr. FERGUSON (for himself, Mr. KELLY of Pennsylvania, Mrs. MILLER of West Virginia, Mr. MURPHY, Mr. KUSTOFF, Ms. TENNEY, Mr. MOORE of Utah, Ms. MALLIOTAKIS, and Ms. STEFANIK) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to exclude certain students from the calculation to determine if certain private colleges and universities are subject to the excise tax on net investment income, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 SECTION 1. SHORT TITLE.
4 This Act may be cited as the ‘‘Protecting American
5 Students Act’’. 
SEC. 2. CERTAIN STUDENTS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF CALCULATION TO DETERMINE IF CERTAIN PRIVATE COLLEGES AND UNIVERSITIES ARE SUBJECT TO EXCISE TAX ON NET INVESTMENT INCOME.

(a) IN GENERAL.—Section 4968(b) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(3) CERTAIN STUDENTS NOT TAKEN INTO ACCOUNT IN DETERMINING ENDOWMENT THRESHOLD.—For purposes of paragraph (1)(D), a student shall not be taken into account with respect to an eligible educational institution unless such student meets the student eligibility requirements under section 484(a)(5) of the Higher Education Act of 1965 (20 U.S.C. 1091(a)(5)).”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2024.

SEC. 3. REQUIREMENT TO REPORT CERTAIN INFORMATION WITH RESPECT TO APPLICATION OF EXCISE TAX BASED ON INVESTMENT INCOME OF PRIVATE COLLEGES AND UNIVERSITIES.

(a) IN GENERAL.—Section 6033 of the Internal Revenue Code of 1986 is amended by redesignating subsection
(o) as subsection (p) and by inserting after subsection (n) the following new subsection:

“(o) **Requirement To Report Certain Information With Respect to Excise Tax Based on Investment Income of Private Colleges and Universities.**—Each applicable educational institution described in section 4968(b) which is subject to the requirements of subsection (a) shall include on the return required under subsection (a)—

“(1) the number of students taken into account for purposes of the calculation in paragraph (1)(D) of section 4968(b) (determined before the application of paragraph (3) of such section), and

“(2) the number of students taken into account for purposes of the calculation in paragraph (1)(D) of section 4968(b) (determined after the application of paragraph (3) of such section).”.

(b) **Effective Date.**—The amendment made by this subsection shall apply to taxable years beginning after December 31, 2024.