

117TH CONGRESS
1ST SESSION

H. R. 5152

To amend the Internal Revenue Code of 1986 to provide for a phaseout of the investment income excise tax for certain private colleges and universities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 3, 2021

Mr. BRENDAN F. BOYLE of Pennsylvania 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 provide for a phaseout of the investment income excise tax for certain private colleges and universities, 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 “Higher Education En-
5 dowment Tax Reform Act”.

1 **SEC. 2. PHASEOUT OF INVESTMENT INCOME EXCISE TAX**
2 **FOR PRIVATE COLLEGES AND UNIVERSITIES**
3 **PROVIDING SUFFICIENT GRANTS AND**
4 **SCHOLARSHIPS.**

5 (a) IN GENERAL.—Section 4968 of the Internal Rev-
6 enue Code of 1986 is amended by adding at the end the
7 following new subsection:

8 “(e) PHASEOUT FOR INSTITUTIONS PROVIDING
9 QUALIFIED AID.—

10 “(1) IN GENERAL.—The amount of tax imposed
11 by subsection (a) (determined without regard to this
12 subsection) shall be reduced (but not below zero) by
13 the amount which bears the same ratio to such
14 amount of tax (as so determined) as—

15 “(A) the excess (if any) of—

16 “(i) the aggregate amount of qualified
17 aid awards provided by the institution to
18 its first-time, full-time undergraduate stu-
19 dents for academic periods beginning dur-
20 ing the taxable year, over

21 “(ii) an amount equal to 20 percent of
22 the aggregate undergraduate tuition and
23 fees received by the institution from first-
24 time, full-time undergraduate students for
25 such academic periods, bears to

1 “(B) an amount equal to 13 percent of
2 such aggregate undergraduate tuition and fees
3 so received.

4 “(2) INSTITUTION MUST MEET REPORTING RE-
5 QUIREMENT.—

6 “(A) IN GENERAL.—Paragraph (1) shall
7 not apply to an applicable educational institu-
8 tion for a taxable year unless such institution
9 furnishes to the Secretary, and makes widely
10 available, a statement detailing the average ag-
11 gregate amount of Federal student loans re-
12 ceived by a student for attendance at the insti-
13 tution, averaged among each of the following
14 groups of first-time, full-time undergraduate
15 students who during the taxable year completed
16 a course of study for which the institution
17 awarded a baccalaureate degree:

18 “(i) All such students.

19 “(ii) The students who have been
20 awarded a Federal Pell Grant under sub-
21 part 1 of part A of title IV of the Higher
22 Education Act of 1965 for attendance at
23 the institution.

24 “(iii) The students who received work-
25 study assistance under part C of title IV of

1 such Act for attendance at such institu-
2 tion.

3 “(iv) The students who were provided
4 such Federal student loans.

5 “(B) FORM AND MANNER FOR REPORT.—
6 Such statement shall be furnished at such time
7 and in such form and manner, and made widely
8 available, under such regulations or guidance as
9 the Secretary may prescribe.

10 “(C) FEDERAL STUDENT LOANS.—For
11 purposes of this paragraph, the term ‘Federal
12 student loans’ means a loan made under part D
13 of title IV of the Higher Education Act of
14 1965, except such term does not include a Fed-
15 eral Direct PLUS Loan made on behalf of a de-
16 pendent student.

17 “(3) OTHER DEFINITIONS.—For purposes of
18 this subsection—

19 “(A) FIRST-TIME, FULL-TIME UNDER-
20 GRADUATE STUDENT.—The term ‘first-time,
21 full-time undergraduate student’ shall have the
22 same meaning as when used in section 132 of
23 the Higher Education Act of 1965.

24 “(B) QUALIFIED AID AWARDS.—The term
25 ‘qualified aid awards’ means, with respect to

1 any applicable educational institution, grants
 2 and scholarships to the extent used for under-
 3 graduate tuition and fees.

4 “(C) UNDERGRADUATE TUITION AND
 5 FEES.—The term ‘undergraduate tuition and
 6 fees’ means, with respect to any institution, the
 7 tuition and fees required for the enrollment or
 8 attendance of a student as an undergraduate
 9 student at the institution.”.

10 (b) EFFECTIVE DATE.—The amendment made by
 11 this section shall apply to taxable years beginning after
 12

13 **SEC. 3. INFLATION ADJUSTMENT AND CLARIFICATION FOR**
 14 **DEFINITION OF APPLICABLE EDUCATIONAL**
 15 **INSTITUTION.**

16 (a) INFLATION ADJUSTMENT TO PER STUDENT
 17 ASSET THRESHOLD.—Section 4968(b) of the Internal
 18 Revenue Code of 1986 is amended by adding at the end
 19 the following new paragraph:

20 “(3) INFLATION ADJUSTMENT.—In the case of
 21 any taxable year beginning after 2022, the dollar
 22 amount in paragraph (1)(D) shall be increased by
 23 an amount equal to—

24 “(A) such dollar amount, multiplied by

1 “(B) the cost-of-living adjustment deter-
2 mined under section 1(f)(3) for the calendar
3 year in which the taxable year begins, deter-
4 mined by substituting ‘calendar year 2021’ for
5 ‘calendar year 2016’ in subparagraph (A)(ii)
6 thereof.

7 If any increase determined under this paragraph is
8 not a multiple of \$1,000, such increase shall be
9 rounded to the nearest multiple of \$1,000.”.

10 (b) CLARIFICATION OF 500 STUDENT THRESH-
11 OLD.—Section 4968(b)(1)(A) of such Code is amended by
12 inserting “below the graduate level” after “500 tuition-
13 paying students”.

14 (c) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to taxable years beginning after
16 December 31, 2021.

○