



## **S.F. No. 3194 – Higher education assets growth tax; establishment of higher education assets growth account (as proposed to be amended by the A-1 amendment)**

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**Section 1. Higher education assets growth account.** Creates the account in the special revenue fund. Money in the account is appropriated to the commissioner of higher education for the state grant program in the higher education chapter. Earnings arising from assets in the account are credited to the account. Money remaining in the account at the end of the fiscal year is not canceled but remains available until expended. Effective the day following final enactment.

### **Section 2. Excise tax based on assets growth of colleges and universities.**

**Subd. 1. Definitions.** Defines terms used to calculate the credit. In pertinent part:

**“Applicable education institution”** means an educational institution with total assets at any time during the taxable year over \$100 million, with at least 500 tuition paying students during the preceding taxable year; and with more than 50 percent of tuition paying students located in Minnesota during the taxable year.

**“Asset growth”** means the positive difference between the value of assets at the close of the taxable year and the value of assets at the close of the immediately preceding taxable year.

**“Assets”** means assets not used directly in carrying an applicable institution’s exempt purpose, as defined in the Code of Federal regulations.

**“Educational institution”** means an institution for which a taxpayer’s payment of tuition and related expenses qualify for the federal American Opportunity and Lifetime Learning tax credits.

**“Per-student assets”** means the value of an applicable educational institution’s assets at the close of the current taxable year divided by the number of tuition-paying students at the close of the taxable year.

**Subd. 2. Tax imposed.** Imposes a tax on the asset growth of an applicable institution, at the rates specified in section 3.

**Subd. 3. Rates of tax.** Imposes the tax at the following rates:

- 15% for per-student assets over \$74,999 but not over \$150,000;
- 20% for per-student assets over \$150,000 but not over \$250,000; and
- 25% for per-student assets over \$250,000.

**Subd. 4. Other provisions apply.** Provides that for purposes of calculating the number of students at an applicable educational institution, the number of students is based on the daily average number of full-time students attending, with part-time students taken into account on a full-time student equivalent basis. Also provides that assets of related organizations of educational institutions are treated as assets of the educational institution and that unless the related organization is controlled by the educational institution or by certain other charitable organizations, assets not intended or available for use or benefit of the educational institution are excluded from the calculation of assets.

**Subd. 5. Administration.** Requires that specified provisions of the tax administration chapters apply to the tax imposed under the bill.

**Subd. 6. Returns; payment of tax.** Requires applicable educational institutions to file returns and remit the tax in the form and manner prescribed by the commissioner. Requires that interest on overpayments refunded or credited to the taxpayer is calculated from the date of payment of the tax until the refund is paid or credited.

**Subd. 7. Deposit of revenues; account established.** Requires the commissioner to deposit tax revenues in the higher education assets growth account.

Effective for taxable years beginning after December 31, 2025.



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