

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 3194

(SENATE AUTHORS: PUTNAM)

DATE	D-PG	OFFICIAL STATUS
04/01/2025	1258	Introduction and first reading Referred to Taxes

1.1

A bill for an act

1.2

relating to taxation; establishing a tax on certain growth of certain assets of colleges

1.3

and universities; establishing an account in the special revenue fund; amending

1.4

Minnesota Statutes 2024, section 136A.121, by adding a subdivision; proposing

1.5

coding for new law in Minnesota Statutes, chapter 290.

1.6

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7

Section 1. Minnesota Statutes 2024, section 136A.121, is amended by adding a subdivision

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to read:

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Subd. 22. **Higher education assets growth account.** The higher education assets growth

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account is created in the special revenue fund in the state treasury. Unless otherwise

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appropriated, money in the account is appropriated to the commissioner for the state grant

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program under this section. Earnings, including interest, dividends, and any other earnings

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arising from the assets of the account, are credited to the account. Money remaining in the

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account at the end of a fiscal year is not canceled to the general fund but remains available

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until expended.

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EFFECTIVE DATE. This section is effective the day following final enactment.

1.17

Sec. 2. [290.0334] **EXCISE TAX BASED ON ASSETS GROWTH OF COLLEGES**

1.18

AND UNIVERSITIES.

1.19

Subdivision 1. **Definitions.** (a) For purposes of this subdivision, the following terms

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have the meanings given.

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(b) "Applicable educational institution" means an educational institution:

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(1) with total assets at any time during the taxable year in excess of \$100,000,000;

2.1 (2) having at least 500 tuition-paying students during the preceding taxable year; and

2.2 (3) having more than 50 percent of tuition-paying students located in Minnesota during
2.3 the taxable year.

2.4 (c) "Asset growth" means the positive difference between the value of assets at the close
2.5 of the current taxable year and the value of assets at the close of the immediately preceding
2.6 taxable year.

2.7 (d) "Assets" means assets used directly in carrying out an applicable educational
2.8 institution's exempt purpose, as provided in Code of Federal Regulations, title 26, section
2.9 53.4968-1(b)(5) (2020).

2.10 (e) "Educational institution" has the meaning given in section 25A(f)(2) of the Internal
2.11 Revenue Code.

2.12 (f) "Per-student assets" means the value of an applicable educational institution's assets
2.13 at the close of the current taxable year divided by the number of tuition-paying students at
2.14 the close of the current taxable year.

2.15 (g) "Related organization" has the meaning given in section 4968(d)(2) of the Internal
2.16 Revenue Code.

2.17 Subd. 2. **Tax imposed.** In addition to any other tax imposed under this chapter, a tax
2.18 equal to the percentages listed in subdivision 3 is imposed on the asset growth of an
2.19 applicable educational institution.

2.20 Subd. 3. **Rates of tax.** The tax under subdivision 2 is imposed as follows:

2.21 (1) for per-student assets over \$74,999 but not over \$150,000, 15 percent;

2.22 (2) for per-student assets over \$150,000 but not over \$250,000, 20 percent; and

2.23 (3) for per-student assets over \$250,000, 25 percent.

2.24 Subd. 4. **Other provisions apply.** (a) For purposes of subdivision 1, paragraph (b),
2.25 clauses (1) and (2), the provisions of section 4968(b)(2) of the Internal Revenue Code apply.

2.26 (b) Assets of related organizations of educational institutions are treated as assets of the
2.27 educational institution, except that:

2.28 (1) assets of an educational institution do not include assets of a related organization;
2.29 and

2.30 (2) unless the related organization is controlled by the educational institution or is an
2.31 organization described in section 509(a)(3) of the Internal Revenue Code, assets not intended

3.1 or available for use or benefit of the educational institution are excluded from the calculation
3.2 of per-student endowment growth differential.

3.3 Subd. 5. **Administration.** The audit, assessment, refund, penalty, interest, enforcement,
3.4 collection remedies, appeal, and administrative provisions of chapters 270C and 289A that
3.5 are applicable to taxes imposed under this chapter apply to the tax imposed under this
3.6 section.

3.7 Subd. 6. **Returns; payment of tax.** (a) An applicable educational institution must report
3.8 the tax on a return prescribed by the commissioner and must remit the tax in a form and
3.9 manner prescribed by the commissioner.

3.10 (b) Interest must be paid on an overpayment refunded or credited to the taxpayer from
3.11 the date of payment of the tax until the date the refund is paid or credited. For purposes of
3.12 this subdivision, the date of payment is the due date of the return or the date of actual
3.13 payment of the tax, whichever is later.

3.14 Subd. 7. **Deposit of revenues; account established.** The commissioner must deposit
3.15 the revenues, including penalties and interest, minus any refunds, derived from the tax
3.16 imposed by this section in the higher education assets growth account in the special revenue
3.17 fund.

3.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
3.19 31, 2025.