

119TH CONGRESS  
1ST SESSION

# H. R. 4462

To amend the Internal Revenue Code of 1986 to impose an excise tax  
on certain investments of private colleges and universities.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 16, 2025

Mr. MURPHY introduced the following bill; which was referred to the  
Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to impose  
an excise tax on certain investments of private colleges  
and universities.

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 Endow-  
5       ments from Our Adversaries Act”.

6       **SEC. 2. EXCISE TAX ON CERTAIN INVESTMENTS OF PRI-**  
7       **VATE COLLEGES AND UNIVERSITIES.**

8       (a) IN GENERAL.—Subchapter H of chapter 42 of  
9       the Internal Revenue Code of 1986 is amended by adding  
10      at the end the following new section:

1 **“SEC. 4969. EXCISE TAX ON CERTAIN INVESTMENTS OF PRI-**  
2 **VATE COLLEGES AND UNIVERSITIES.**

3       “(a) TAX ON ACQUISITION OF LISTED INVEST-  
4 MENTS.—In the case of any specified educational institu-  
5 tion which acquires (directly or indirectly through any  
6 chain of ownership) one or more listed investments during  
7 any taxable year, there is hereby imposed for such taxable  
8 year a tax equal to 50 percent of the fair market values  
9 of such investments determined as of the dates of such  
10 acquisitions.

11       “(b) TAX ON NET INCOME FROM 1-YEAR LISTED IN-  
12 VESTMENTS.—

13               “(1) IN GENERAL.—There is hereby imposed on  
14 each specified educational institution for the taxable  
15 year a tax equal to 100 percent of the excess (if  
16 any) of—

17                       “(A) the sum of—

18                               “(i) all income received with respect  
19 to any 1-year listed investment during such  
20 taxable year, plus

21                               “(ii) all gains recognized with respect  
22 to the sale or other disposition of any 1-  
23 year listed investments during such taxable  
24 year, over

25                       “(B) the sum of—

1 “(i) all deductions properly allocable  
2 to income described in subparagraph  
3 (A)(i), plus

4 “(ii) all losses recognized with respect  
5 to the sale or other disposition of any 1-  
6 year listed investments during such taxable  
7 year.

8 “(2) 1-YEAR LISTED INVESTMENT.—For pur-  
9 poses of this section, with respect to any income re-  
10 ceived or gain or loss recognized, the term ‘1-year  
11 listed investment’ means any listed investment which  
12 was such a listed investment at all times during the  
13 1-year period ending on the date such income was  
14 received or such gain or loss was recognized.

15 “(c) LISTED INVESTMENT.—For purposes of this  
16 section—

17 “(1) IN GENERAL.—The term ‘listed invest-  
18 ment’ means any specified interest with respect to  
19 any person listed on one or more of—

20 “(A) the Entity List maintained by the  
21 Secretary of Commerce,

22 “(B) the Military End User (MEU) List  
23 maintained by the Secretary of Commerce,

24 “(C) the Unverified List maintained by the  
25 Secretary of Commerce, or

1           “(D) the list maintained by the Federal  
2           Communications Commission of equipment and  
3           services covered by section 2 of the Secure and  
4           Trusted Communications Networks Act of 2019  
5           (commonly referred to as the FCC Covered  
6           List).

7           “(2) LISTED PERSONS LIST.—The Secretary  
8           shall establish (not later than 60 days after the date  
9           of the enactment of this section), update, and main-  
10          tain a list of the persons which are listed on one or  
11          more of the lists described in paragraph (1).

12          “(3) SPECIFIED INTEREST.—The term ‘speci-  
13          fied interest’ means, with respect to any person—

14               “(A) stock or any other equity or profits  
15               interest of such person,

16               “(B) debt issued by such person, or

17               “(C) any contract or derivative with re-  
18               spect to any interest described in subparagraph  
19               (A) or (B).

20          “(4) INCLUSION OF CERTAIN POOLED FUNDS.—

21               “(A) IN GENERAL.—Any specified interest  
22               acquired through a regulated investment com-  
23               pany, exchange traded fund, or any other  
24               pooled investment shall not fail to be treated as

1           acquired through a chain of ownership de-  
2           scribed in subsection (a).

3           “(B) CERTIFICATIONS OF POOLED  
4           FUNDS.—The Secretary shall establish proce-  
5           dures under which regulated investment compa-  
6           nies, exchange traded funds, and other pooled  
7           investments may be certified by the Secretary  
8           as not holding any listed investments.

9           “(d) SPECIFIED EDUCATIONAL INSTITUTION.—For  
10          purposes of this section—

11           “(1) IN GENERAL.—The term ‘specified edu-  
12          cational institution’ means, with respect to any tax-  
13          able year, any eligible educational institution (as de-  
14          fined in section 25A(f)(2))—

15           “(A) which is not described in the first  
16          sentence of section 511(a)(2)(B) (relating to  
17          State colleges and universities), and

18           “(B) the aggregate fair market value of  
19          the assets of which at the end of the preceding  
20          taxable year (other than those assets which are  
21          used directly in carrying out the institution’s  
22          exempt purpose) is in excess of \$1,000,000,000.

23           “(2) TREATMENT OF RELATED ORGANIZA-  
24          TIONS.—For purposes of subsections (a) and (b), as-  
25          sets held by any related organization (as defined in

1       section 4968(d)(2)) with respect to an educational  
2       institution shall be treated as held by such edu-  
3       cational institution, except that—

4               “(A) such assets shall not be taken into  
5       account with respect to more than 1 educational  
6       institution, and

7               “(B) unless such organization is controlled  
8       by such institution or is described in section  
9       509(a)(3) with respect to such institution, as-  
10      sets which are not intended or available for the  
11      use or benefit of such educational institution  
12      shall not be taken into account.

13      “(e) VALUATION OF DEBT.—For purposes of sub-  
14      section (a), the fair market value of any debt shall be  
15      treated as being the principal amount of such debt.

16      “(f) REGULATIONS.—The Secretary may issue such  
17      regulations or other guidance as may be necessary or ap-  
18      propriate to carry out the purposes of this section, includ-  
19      ing regulations or other guidance providing for the proper  
20      application of this section with respect to institutionally  
21      related foundations and pooled investments.”.

22      (b) CLERICAL AMENDMENTS.—

23              (1) The table of sections for subchapter H of  
24      chapter 42 of such Code is amended by adding at  
25      the end the following new item:

“Sec. 4969. Excise tax on certain investments of private colleges and universities.”.

1           (2) The heading of subchapter H of chapter 42  
2           of such Code (and the item relating to such sub-  
3           chapter in the table of subchapters for such chapter)  
4           are each amended by striking “**Tax Based on In-**  
5           **vestment Income**” and inserting “**Taxes**  
6           **Based on Investments**”.

7           (c) EFFECTIVE DATES.—

8           (1) IN GENERAL.—Except as otherwise pro-  
9           vided in this subsection, the amendments made by  
10          this section shall apply to taxable years ending after  
11          the earlier of—

12                 (A) the end of the first calendar year be-  
13                 ginning after the date of the enactment of this  
14                 Act, or

15                 (B) the end of the 1-year period beginning  
16                 on the date on which the Secretary of the  
17                 Treasury (or the Secretary’s delegate) estab-  
18                 lishes the listed persons list under section  
19                 4969(c)(2) of the Internal Revenue Code of  
20                 1986 (as added by this section).

21           (2) CERTAIN PRIOR ACQUISITIONS.—Section  
22           4969(a) of the Internal Revenue Code of 1986 (as  
23           added by this section) shall not apply to investments

1       acquired before the end of the calendar year referred  
2       to in paragraph (1)(A).

3               (3) CERTAIN PRIOR INCOME AND GAINS.—Sec-  
4       tion 4969(b) of the Internal Revenue Code of 1986  
5       (as added by this section) shall not apply to income  
6       received, or gains or losses recognized, before the  
7       end of the 1-year period referred to in paragraph  
8       (1)(B).

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