

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 8913  
OFFERED BY MR. SMITH OF MISSOURI**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Protecting American  
3 Students Act”.

**4 SEC. 2. CERTAIN STUDENTS NOT TAKEN INTO ACCOUNT  
5 FOR PURPOSES OF CALCULATION TO DETER-  
6 MINE IF CERTAIN PRIVATE COLLEGES AND  
7 UNIVERSITIES ARE SUBJECT TO EXCISE TAX  
8 ON NET INVESTMENT INCOME.**

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

12 “(3) CERTAIN STUDENTS NOT TAKEN INTO AC-  
13 COUNT IN DETERMINING ENDOWMENT THRESH-  
14 OLD.—For purposes of paragraph (1)(D), a student  
15 shall not be taken into account with respect to an  
16 eligible educational institution unless such student  
17 meets the student eligibility requirements under sec-

1           tion 484(a)(5) of the Higher Education Act of 1965  
2           (20 U.S.C. 1091(a)(5)).”.

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

6 **SEC. 3. REQUIREMENT TO REPORT CERTAIN INFORMATION**  
7                           **WITH RESPECT TO APPLICATION OF EXCISE**  
8                           **TAX BASED ON INVESTMENT INCOME OF PRI-**  
9                           **VATE COLLEGES AND UNIVERSITIES.**

10          (a) **IN GENERAL.**—Section 6033 of the Internal Rev-  
11 enue Code of 1986 is amended by redesignating subsection  
12 (o) as subsection (p) and by inserting after subsection (n)  
13 the following new subsection:

14          “(o) **REQUIREMENT TO REPORT CERTAIN INFORMA-**  
15 **TION WITH RESPECT TO EXCISE TAX BASED ON INVEST-**  
16 **MENT INCOME OF PRIVATE COLLEGES AND UNIVER-**  
17 **SITIES.**—Each applicable educational institution described  
18 in section 4968(b) which is subject to the requirements  
19 of subsection (a) shall include on the return required  
20 under subsection (a)—

21                   “(1) the number of students taken into account  
22                   for purposes of the calculation in paragraph (1)(D)  
23                   of section 4968(b) (determined before the applica-  
24                   tion of paragraph (3) of such section), and

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

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

