118TH CONGRESS  
1ST SESSION  

S._______

To amend the Internal Revenue Code of 1986 to apply a 6 percent excise tax on large endowments of certain private colleges and universities, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. COTTON introduced the following bill; which was read twice and referred to the Committee on ____________________________

A BILL

To amend the Internal Revenue Code of 1986 to apply a 6 percent excise tax on large endowments of 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 “Woke Endowment Se-
5 curity Tax Act of 2023” or the “WEST Act of 2023”.

SEC. 2. EXCISE TAX ON CERTAIN LARGE PRIVATE COLLEGE
AND UNIVERSITY ENDOWMENTS.

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

“SEC. 4969. EXCISE TAX ON CERTAIN LARGE PRIVATE COL-
LEGGE AND UNIVERSITY ENDOWMENTS.

“(a) TAX IMPOSED.—There is hereby imposed on
each specified applicable educational institution for the in-
stitution’s first taxable year beginning in 2023 a tax equal
to 6 percent of the aggregate fair market value of the as-
sets of the institution at the end of the preceding taxable
year.

“(b) SPECIFIED APPLICABLE EDUCATIONAL INSTITU-
TION.—For purposes of this subchapter, with respect
to a taxable year, the term ‘specified applicable edu-
cational institution’ means—

“(1) any applicable educational institution,
other than an institution which is religious in na-
ture, the aggregate fair market value of the assets
of which at the end of the preceding taxable year
(other than those assets which are used directly in
carrying out the institution’s exempt purpose) is at
least $12,200,000,000, and

“(2) any applicable educational institution—
“(A) which operates a college on behalf of a State pursuant to State statute or contractual agreements, and

“(B) the aggregate fair market value of the assets of which at the end of the preceding taxable year (other than those assets which are used directly in carrying out the institution’s exempt purpose) is at least $9,000,000,000.

“(c) OTHER TERMS.—For purposes of this section—

“(1) ASSETS.—The rules of section 4968(d) shall apply.

“(2) STUDENT.—The rules of section 4968(b)(2) shall apply.”.

(b) CLERICAL AMENDMENT.—The table of sections for subchapter H of chapter 42 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

“Sec. 4969. Excise tax on certain large private college and university endowments.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2022.