



General Assembly

January Session, 2025

Substitute Bill No. 7147



***AN ACT AUTHORIZING MUNICIPALITIES TO IMPOSE A TAX ON THE
ENDOWMENT FUNDS OF PRIVATE INSTITUTIONS OF HIGHER
EDUCATION.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2025, and applicable to taxable*
2 *years commencing on or after January 1, 2026*) (a) As used in this section:
3 (1) "Applicable educational institution" means an independent
4 institution of higher education, as defined in section 10a-173 of the
5 general statutes, whose assets have an aggregate fair market value
6 exceeding three hundred million dollars at the end of the preceding
7 taxable year; and (2) "net investment income" has the same meaning as
8 provided in 26 USC 4940(c), as amended from time to time.

9 (b) A municipality in which greater than fifty per cent of the students
10 enrolled in an applicable educational institution attend classes may,
11 upon the affirmative vote of the legislative body of such municipality,
12 impose a tax not exceeding two per cent of the net investment income
13 of such institution for each taxable year.

14 (c) The legislative body of a municipality, upon approving the
15 imposition of a tax pursuant to this section, shall determine whether
16 such tax shall be due and payable in a single installment or in two
17 semiannual installments and shall designate the date or dates on which
18 such installment or installments shall be due and payable.

19 (d) This section shall be administered by the tax collector of a
20 municipality. All forms necessary or convenient for the enforcement of
21 this section shall be prescribed by the Commissioner of Revenue
22 Services and shall be printed and furnished by such tax collector. The
23 Commissioner of Revenue Services may adopt and enforce rules and
24 regulations relating to the administration and enforcement of this
25 chapter, in accordance with chapter 54 of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2025, and applicable to taxable years commencing on or after January 1, 2026</i>	New section

Statement of Legislative Commissioners:

In the effective date line, "assessment years commencing on and after October 1, 2025" was changed to "taxable years commencing on or after January 1, 2026" for accuracy and consistency with the general statutes.

PD *Joint Favorable Subst. -LCO*