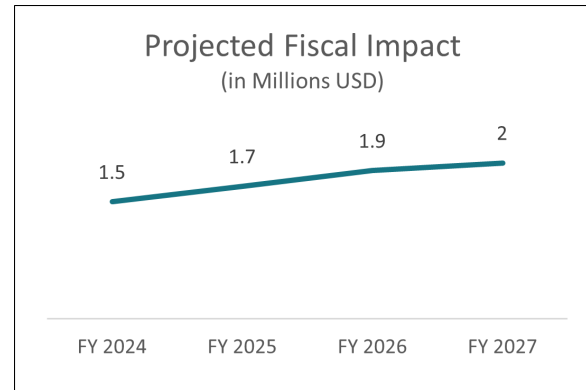


# Disabled Veterans

## Tax Expenditure Initial Review - TEB 14.1.05

### Tax Expenditure Facts

|                               |                                             |
|-------------------------------|---------------------------------------------|
| Year Enacted                  | 1951                                        |
| Statute                       | Minnesota Statutes 2025, section 168.031(b) |
| Tax Type                      | Motor Vehicle Registration Tax              |
| Provision Type                | Exemption                                   |
| Latest Fiscal Impact Estimate | \$2,000,000 – Fiscal Year 2027              |
| Latest Claims Estimate        | ~10,200 vehicles                            |
| Expiration Date               | None                                        |



### Tax Expenditure Description

A motor vehicle which has been furnished free, in whole or in part, by the United States government to a disabled war veteran is exempt from the motor vehicle registration tax.

### Additional Background Information

In Minnesota, military service-related motor vehicle registration tax exemptions were first enacted in 1941 Session Law.<sup>i</sup> In 1951, a specification about vehicles provided by the United States government to disabled veterans was added.<sup>ii</sup> In 2023, the exemption on motor vehicle registration tax was expanded to include any vehicle owned by a total service-connected disabled veteran, regardless of how the vehicle was procured.<sup>iii</sup> This expansion increased the number of vehicles that could be claimed by the exemption from approximately 470 to over 10,000.

This exemption is administered by the Department of Public Safety. Beneficiaries of the tax expenditure include qualified disabled veterans. The Disabled Veterans Exemption reduces the amount of motor vehicle registration tax revenue that would otherwise be generated and deposited in the Highway User Tax Distribution Fund.

### Proposed Tax Expenditure Objective for Consideration

The objective of the Disabled Veterans Exemption is to provide state tax relief on a motor vehicle that is given, in whole or part, to a disabled veteran by the federal government and to decrease vehicle-related costs for all disabled veterans living in the state of Minnesota.

## Sources

An explicit tax expenditure objective was not identified in the legislative record. This proposed objective statement is adapted from the state of Washington, which has a similar exemption for adaptive equipment added to vehicles for disabled veterans.<sup>iv</sup> The state of Washington includes intent statements in the Revised Code of Washington.

## Potential Metrics and Performance Measures

An analysis of the number of individuals who would qualify for this exemption compared to how many of those individuals receive the exemption could illustrate use among the eligible population. Further analysis of the expansion of the exemption in 2023 could examine impact of the benefit for the newly eligible population.

## Contact Information and Disclaimer

This tax expenditure review was prepared by the Legislative Budget Office for the Tax Expenditure Review Commission pursuant to Minnesota Statutes 2025, section 3.8855, subdivision 4.

Notice: Proposed Tax Expenditure Objective statements are not binding authority and should not be used as a legal interpretation of any tax expenditure statute.

For questions regarding this review, please contact the Legislative Budget Office at 651-297-7146 or [lbo@lbo.mn.gov](mailto:lbo@lbo.mn.gov).

For more information, please visit the [Tax Expenditure Review Commission website](#).

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<sup>i</sup> Laws of Minnesota 1941, chapter 7.

<sup>ii</sup> Laws of Minnesota, 1951, chapter 248.

<sup>iii</sup> Laws of Minnesota, 2023, chapter 68, article 3, section 4.

<sup>iv</sup> Revised Code of Washington, section 82.08.875.