

Driver Education Programs at Nonpublic High Schools

Tax Expenditure Initial Review - TEB 14.1.07

Tax Expenditure Facts

Year Enacted	1990
Statute	Minnesota Statutes 2025, section 168.012, subdivision 1(a)(3)
Tax Type	Motor Vehicle Registration Tax
Provision Type	Exemption
Latest Fiscal Impact Estimate	Less than \$50,000 per fiscal year
Latest Claims Estimate	4 Nonpublic High Schools
Expiration Date	None

Estimated fiscal impact is less than \$50,000 per year through fiscal year 2027.

Tax Expenditure Description

Vehicles used solely in driver education programs at nonpublic high schools are exempt from the motor vehicle registration tax. Four nonpublic high schools have approved driver education programs.

Additional Background Information

Any vehicle owned or used by a driver education program that is used exclusively for instruction must meet the vehicle requirements outlined in Minnesota Rules 7411.0850.ⁱ The Department of Public Safety Driver and Vehicle Services division administers this exemption. The beneficiaries of this tax exemption are the four nonpublic high schools in Minnesota that offer driver education programs. This exemption reduces the amount of motor vehicle registration tax that is collected by the Driver and Vehicle Services Division, paid into the state treasury, and deposited into the Highway User Tax Distribution Fund.ⁱⁱ

Proposed Tax Expenditure Objective for Consideration

The objective of the Driver Education Programs at Nonpublic High Schools Exemption is to extend the same tax benefit to nonpublic high schools that other educational institutions receive for providing driver education and training by reducing their operational costs related to vehicle registration.

Sources

The originating bills were HF1989 and SF1775 from the 1990 Regular Legislative Session, and the exemption was included in Laws of Minnesota 1990, chapter 392.ⁱⁱⁱ An explicit tax expenditure objective was not identified in the legislative record. Since 1949, vehicles owned and used exclusively by educational institutions have been exempted from tax and registration fees.^{iv} This tax expenditure expands on that motor vehicle registration tax benefit by allowing nonpublic high schools to receive this same benefit to support driver education programs. By exempting driver education program vehicles at nonpublic high schools from the motor vehicle registration tax, the state reduces the operating costs associated with offering driver education programs and training at these schools.

Potential Metrics and Performance Measures

An analysis of the nonpublic school participation by submission of vehicle registration forms may identify trends in uptake of the tax incentive. A historical review of driver education programs offered by nonpublic schools could reveal whether the exemption contributed to an expansion of driver education opportunities available to students. A survey of nonpublic schools providing driver education could illustrate whether there has been a notable reduction in operating costs or student expenses as a result of the exemption.

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.

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

ⁱ Minnesota Statute 2025, Section 7411.0850.

ⁱⁱ Vehicle Registration, "[Tax Collected by DVS](#)", Minnesota Department of Safety, Driver and Vehicle Services, (2026): <https://dps.mn.gov/divisions/dvs/vehicle/vehicle-registration>.

ⁱⁱⁱ Laws of Minnesota 1990, chapter 392.

^{iv} Laws of Minnesota 1949, chapter 693.