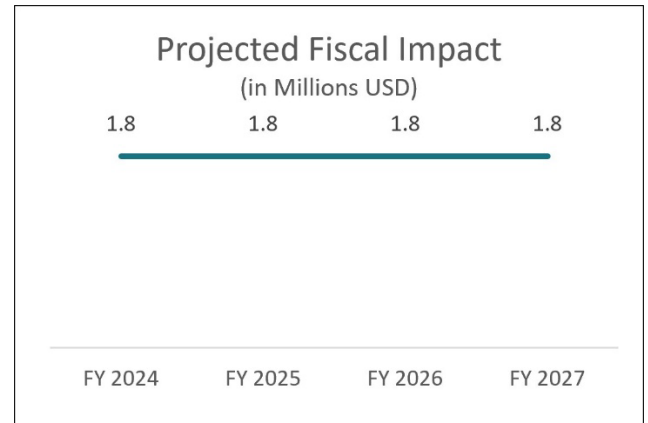


Private Ambulance Services

Tax Expenditure Initial Review - TEB 14.1.09

Tax Expenditure Facts

Year Enacted	1990
Statute	Minnesota Statutes 2025, section 168.012, subdivision 1(a)(6)
Tax Type	Motor Vehicle Registration Tax
Provision Type	Exemption
Latest Fiscal Impact Estimate	\$1,800,000 – Fiscal Year 2027
Latest Claims Estimate	~590 ambulances
Expiration Date	None



Tax Expenditure Description

Ambulances owned by private ambulance services licensed under Minnesota Statutes, section 114E.10, are exempt from the motor vehicle registration tax. To qualify, the appearance of the ambulance must be unmistakable.

This exemption was enacted in 1990. Ambulances owned by local units of government have been exempt since 1921 and are included in TEB 14.1.01.

Additional Background Information

According to a 2022 Office of the Legislative Auditor evaluation report, as of 2021, there were 277 ambulance services licensed to operate in Minnesota who provided 688,705 ambulance runs that year. Approximately half of the 277 services are operated by units of government, while the remaining services are either operated independently or through an affiliation with a healthcare system. The number of runs each service type accounts for is not proportional to the number of services of each type. In fiscal year 2021, healthcare system-based services provided 77% of all runs, while government-based services provided 19%.ⁱ

Beneficiaries of this tax exemption include all private ambulance service providers. The Private Ambulance Services Exemption is administered by the Department of Revenue and decreases the amount of motor vehicle registration tax that would otherwise be generated. Motor vehicle registration tax is deposited in the Highway User Tax Distribution Fund.

Proposed Tax Expenditure Objective for Consideration

The objective of the Private Ambulance Services Exemption is to provide consistent treatment of emergency vehicles and provide state assistance to private ambulance services providing emergency response services.

Sources

An explicit tax expenditure objective was not identified in the legislative record, however, the proposed objective mirrors a similar tax exemption from sales and use tax for motor vehicles leased for ambulance use (TEB 4.2.08), which was also enacted during the 1990 legislative session. The objective statement for that tax expenditure, as identified in 2011 Session Law, is “to provide state assistance to local governments and other organizations that provide emergency response services”.ⁱⁱ Given that these tax expenditures were enacted the same year and have similar beneficiaries, it is assumed the objective statement applies to this expenditure, as well.

Potential Metrics and Performance Measures

An analysis of the submission of form ST3 exemption certificates may identify utilization trends of the tax incentive along with a historical analysis of private ambulance service providers in the state since enactment. Additionally, a survey of private ambulance services could help to identify the per-service provider or per-ambulance run benefit to providers as a portion of their total administrative cost.

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 State of Minnesota Office of the Legislative Auditor. “[Emergency Ambulance Services – 2022 Evaluation Report](https://www.auditor.leg.state.mn.us/ped/pedrep/ambulance.pdf)”. Available at <https://www.auditor.leg.state.mn.us/ped/pedrep/ambulance.pdf>.

ⁱⁱ Laws of Minnesota, 2011 1st Special Session, chapter 7, article 10, section 7, subdivision 9.