

**SALES AND USE TAX
Private Ambulance Services –
Equipment and Maintenance**

March 21, 2001

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 1183 (Nornes)/ S.F. 2206 (Larson)

	Revenue Gain or (Loss)			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>FY2005</u>
		(000's)		
General Fund	(\$30)	(\$34)	(\$35)	(\$36)

Effective for sales and purchases made after June 30, 2001.

EXPLANATION OF THE BILL

Current Law: Supplies and equipment used to provide medical care in the operation of an ambulance service owned and operated by a political subdivision are exempt. Repair and replacement parts for ambulances owned by a government entity are also exempt.

Proposed Law: The current exemption for repair and replacement parts for ambulances and supplies and equipment used to provide medical care by an ambulance service would be extended to private ambulance services.

REVENUE ANALYSIS DETAIL

- Information from the Emergency Medical Services Regulatory Board identifies a total of 815 ambulances currently licensed statewide. 55 of the 309 registered ambulance services in Minnesota are privately owned.
- It is estimated that an average of approximately \$1,100 per vehicle is spent annually for repair and replacement parts for the 165 ambulances that are privately owned.
- The average annual supply and equipment costs for private ambulance services was estimated based on information from the 2000 Tax Expenditure Budget.
- A growth rate of 3% was applied for increased prices and number of vehicles, and the F.Y. 2002 estimate was reduced to reflect 11 months of collections.

Number of Taxpayers: There are currently 55 privately owned ambulance services in Minnesota.

ADMINISTRATIVE/OPERATIONAL IMPACT:

There will be no significant administrative or operational costs or savings to DOR in administration of this bill.

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>