

## INTERNAL REVENUE SERVICE

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Index Nos: 4041.00-00  
          4221.00-00  
          4253.00-00  
          4483.00-00

CC:PSI:8/PLR-162840-02

March 17, 2003

In re: Letter Ruling Request Regarding Excise Taxes

Legend: Taxpayer =

County =

Dear           :

This responds to a letter ruling request submitted by your authorized representative asking whether Taxpayer qualifies for the excise tax exemptions allowed to state and local governments under §§ 4041(g)(2), 4221(a)(4), 4253(i), and 4483(a) of the Internal Revenue Code.

Taxpayer is a § 501(c)(3) corporation that provides ambulance service in the County. Taxpayer and the County have a contract that designates Taxpayer as the County's agent responsible for the management and operation of an emergency and non-emergency medical service for the transportation of ill, injured, or otherwise incapacitated persons. In this capacity, Taxpayer also provides to the County on a 24 hours a day, seven days a week basis (1) emergency medical transport of indigents within the County's jurisdiction, (2) rescue teams in the event of emergency, and (3) transport of County prisoners. Taxpayer represents that it is the sole emergency and non-emergency medical transport provider in the County.

The County provides Taxpayer, without charge, the use of certain real property and improvements owned by the County. Upon termination of the contract, Taxpayer's assets including ambulances, related equipment and supplies, and account receivables become the County's property. Taxpayer must present its annual budget to the County for approval. The County may modify the budget as the County deems appropriate. The County approves the fee structure for emergency and non-emergency users who are not exempt from fees.

Section 4041(g)(2) exempts from the taxes on special fuels imposed by § 4041 sales for the exclusive use of any state, political subdivision of a state, or the District of Columbia. Comparable exemptions from the manufacturers excise taxes, the tax on communications, and the highway use tax are provided by §§ 4221(a)(4), 4253(i), and 4483(a), respectively.

Rev. Rul. 77-387, 1977-2 C.B. 364, concludes that a nonprofit volunteer rescue squad that provides non-emergency ambulance service as well as emergency rescue and ambulance service is eligible for the exemptions from excise taxes provided for state and local governments. The volunteer rescue squads, in many cases, although not necessarily in every case, receive assistance from governmental units and this assistance may consist of direct grants of funds or equipment, or the use of public property, equipment, and supplies, either provided free or at a nominal charge. Their operations may also be financed through a variety of fund-raising projects and drives.

Rev. Rul. 77-388, 1977-2 C.B. 365, concludes that an independent nonprofit volunteer ambulance association that provides emergency services in an area where no other ambulance service is available is eligible for the exemptions from excise taxes provided for state and local governments. The association does not charge for its services or the use of its equipment. The association's only source of income is an annual fund raising drive and contributions.

Taxpayer is similar to the rescue squad in Rev. Rul. 77-387 and the ambulance association in Rev. Rul. 77-388. Accordingly, Taxpayer qualifies for the excise tax exemptions allowed to state and local governments under §§ 4041(g)(2), 4221(a)(4), 4253(i), and 4483(a).

This letter ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) provides that it shall not be used or cited as precedent.

Sincerely,

Associate Chief Counsel  
(Passthroughs and Special Industries)

By:

Frank Boland  
Chief, Branch 8

Enclosures (2):  
Copy of this letter  
Copy for § 6110 purposes

cc: