

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

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Person To Contact:

, ID No.

Telephone Number:

In Re:

Refer Reply To:

CC:PSI:B08 – PLR-112449-04

Date:

June 10, 2004

Legend:

Taxpayer =

County =

X=

Dear :

This responds to a letter ruling request submitted by Taxpayer 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 County have an agreement, made on date X, that designates Taxpayer to manage emergency and non-emergency medical transportation services for County and to provide medical services to all persons regardless of their ability to pay. Under the agreement, Taxpayer treats and transports County's firefighters, law enforcement personnel, and certain prisoners without compensation. Taxpayer charges persons using medical transportation, other than those exempt, in accordance with a County-approved fee rate structure.

County ambulances and related equipment are provided to Taxpayer and titled in Taxpayer's name. Employees of taxpayer are not County employees. Upon termination of the contract, Taxpayer's assets including ambulances, related equipment and supplies, and account receivables become County property.

Section 4041(g)(2) provides that no tax is imposed by § 4041 with respect to the sale of diesel fuel and special motor fuels 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 in §§ 4221(a)(4), 4253(i), and 4483(a), respectively.

Rev. Rul. 77-387, 1977-2 C.B. 364, holds that where taxable articles are sold, or communications services and facilities are furnished, to a nonprofit volunteer rescue squad for its exclusive use, such articles and services come within the exemptions under §§ 4041(g), 4221(a)(4) and 4253(i). Further, the exemption provided from the highway use tax by § 4483 applies to the operation of vehicles by such organizations in performing their rescue functions. Rev. Rul. 77-387 addresses volunteer rescue squads that provide non-emergency ambulance service as well as emergency rescue and ambulance service. 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, holds that taxable articles sold or communications facilities and services furnished to a volunteer ambulance association for its exclusive use come within the exemptions under §§ 4041(g), 4221(a)(4), and 4253(i). Rev. Rul. 77-388 addresses a volunteer ambulance association that provides emergency services in an area where no other ambulance service is available. 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.

The operations of Taxpayer under the above-described agreement with County are similar to the operations of the rescue squad in Rev. Rul. 77-387 and the ambulance association in Rev. Rul. 77-388. Accordingly, in the case of taxable articles sold to Taxpayer for its exclusive use, communications services and facilities furnished to Taxpayer, or the use of any highway vehicle by Taxpayer, 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