



STATE OF ARKANSAS  
**Department of Finance  
and Administration**

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June 13, 2017



RE: Sales Tax – Volunteer Fire Department Exemption  
Opinion 20170520

Dear [REDACTED]:

This letter is in response to your request of May 20, 2017, for a legal opinion from the Department. Your inquiry is set forth below:

I am a Fire Chief of the [REDACTED], Arkansas. We rented a bull dozer to do some prep work on adding a bay on our fire stations. We read the wording of Paragraph b – The gross receipts or gross proceeds derived from purchases and materials to be used in the construction and maintenance of volunteer fire departments; including improvements and fixtures thereon, etc. Our attorney reads this as the bull dozer expense was used in the construction of the new bay for the volunteer fire station.

Question: Does the rental of the bull dozer qualify for the Volunteer Fire Department sales tax exemption?

Response: No, as explained more fully below. As set forth in Ark. Code Ann. § 26-52-434(b), "... supplies and materials to be used in the construction and maintenance of volunteer fire departments, including improvements and fixtures thereon, and property of any nature appurtenant thereto or used in connection therewith ..." may be purchased exempt from state and local Arkansas sales or use tax.

The Department promulgated Gross Receipts Rule GR-31.1 to aid with the administration of this tax exemption. Rule GR-31.1(B) states that "[t]he gross receipts or gross proceeds derived from the sales of supplies and materials used in the construction and maintenance of buildings owned by volunteer fire departments, including improvements and fixtures, are exempt from all state and local sales or use taxes."

Examples of what does, and does not, constitute “supplies and materials” are set forth in Rule GR-31.1(F):

1. Supplies and materials include, but are not limited to, the following:
  - a. Lumber; b. Roofing materials; c. Concrete, bricks, mortar, and cinder blocks; d. Plumbing parts and related fixtures, such as sinks, tubs, and showers; e. Electrical wire, switches, outlets, circuit breakers and related fixtures, such as vent fans and lights; f. Heat and air conditioning parts, thermostats, wire, ductwork and related fixtures, such as furnaces, condensing units, and window units; g. Carpeting; and h. Windows and doors.
  
2. Examples of items that are not supplies and materials because the items are not fixtures include, but are not limited to, the following:
  - a. Household appliances of any type, furniture, rugs, lamps, telephones, etc.; b. Office equipment, computers, filing cabinets, copiers, fax machines, etc.; c. Consumable cleaning and maintenance supplies, light bulbs, air filters, floor wax, carpet shampoo, etc.; d. Landscaping products; e. Decorative items; and f. Recreational items.

“Supplies and materials” are forms of tangible personal property. As noted in Rule GR-31.1(F)(2), a supply or material item must become a fixture of the building that houses a volunteer fire department. The bulldozer is an implement that was used to provide the service of preparing the building site for the construction of the new fire station bay. The bulldozer was used to provide a service and is not a supply or material item that will become part of the new fire station bay. The rental of the bulldozer therefore does not qualify for this exemption.

The Gross Receipts Rule cited in this opinion may be viewed on the Department’s website at [www.dfa.arkansas.gov](http://www.dfa.arkansas.gov). From the DFA home page, click on “Revenue Rules”. Then click on “Excise Tax” and then “2008-3”.

This opinion is based on my understanding of the facts as set out in your inquiry as those facts are governed by current Arkansas laws, rules and regulations. Any change in the facts or law could result in a different opinion.

Sincerely,

Michael Wehrle  
Office of Revenue Legal Counsel