



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

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May 4, 2018

Ronald McDonald House Charities of Arkansas
c/o Ms. Janell Mason, Executive Director
1501 W. 10th Street
Little Rock, AR 72202

**RE: Tax Exempt Status of Ronald McDonald House Charities of Arkansas
Opinion No. 20180425**

Dear Ms. Mason:

Your request for a legal opinion has been referred to me for response. You have requested a renewal of Opinion No. 20090905 on behalf of Ronald McDonald House Charities of Arkansas. There have been no changes in the law or facts since Opinion No. 20090905 was issued that affect the opinion. Therefore, the opinion is renewed in its entirety as set forth below.

Ronald McDonald House Charities of Arkansas ("RMHCA") is a non-profit organization, the sole purpose of which is to provide temporary housing to the family members of hospital patients. Specifically, you stated that RMHCA houses "families whose critically ill children have been sent to Little Rock for life saving medical care" and that your "sole mission is to care for these families and keep them fed, safely and comfortably housed, and near the care their child needs."

RESPONSE

Arkansas Code Annotated § 26-52-401(21)(A) exempts from tax the gross receipts or gross proceeds derived from the sale of any tangible personal property, specified digital products, digital code, or services as provided in subsection (21), to any hospital or sanitarium operated for charitable and nonprofit purposes or any nonprofit organization whose sole purpose is to provide temporary housing to the family members of patients in a hospital or sanitarium.

Arkansas Gross Receipts Tax Rule GR-37(B) likewise exempts from tax the gross receipts or gross proceeds derived from the sale of tangible personal property or services to any non-profit organization whose sole purpose is to provide temporary housing to the family members of patients in a hospital or sanitarium, except that the sale of materials used in the original construction, extension or repair of the temporary housing shall not be exempt from the tax. GR-37(E)(1) defines a non-profit as an organization where "no part of the income received by the hospital or sanitarium from any sources inures (either directly or indirectly) to the benefit of any individual, corporation organized for profit, trust organized for profit, or partnership organized for profit."

Based on the facts provided, RMHCA meets the definition of a non-profit organization set forth in GR-37(E)(1) and may purchase items, except for construction materials, exempt from Arkansas sales tax. Although the Arkansas Department of Finance and Administration does not issue exemption certificates, your vendors may retain a copy of this opinion for the necessary documentation regarding an exemption claimed by RMHCA.

Under Ark. Code Ann. § 26-52-401(21)(A) and Arkansas Gross Receipts Tax Rule GR-37, only those purchases made directly by RMHCA are exempt from sales tax. When an employee of a tax-exempt entity purchases taxable goods or services and is subsequently reimbursed by the non-profit, the indirect sale is taxable. Only direct obligations of the non-profit organization qualify for the tax exemption.

In accordance with Arkansas Gross Receipts Tax Rule GR-75, this opinion is based upon my understanding of the facts as set out in your inquiry and as current Arkansas laws and rules govern those facts. Any change in the facts or law could result in a different opinion. This opinion will not be binding upon the Department for any topic not specifically addressed herein. Please be advised that this opinion may only be binding upon the Department for three (3) years from the date of issuance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alicia Austin Smith". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Alicia Austin Smith
Revenue Legal Counsel