

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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HOUSE BILL 1105
Committee Substitute Favorable 6/19/12

Short Title: Modify Taxation of HOA Property.

(Public)

Sponsors:

Referred to:

May 24, 2012

1 A BILL TO BE ENTITLED
2 AN ACT TO SIMPLIFY THE COLLECTION OF PROPERTY TAXES THAT ARE DUE ON
3 PROPERTY OWNED BY CERTAIN NONPROFIT HOMEOWNERS ASSOCIATIONS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-277.8 reads as rewritten:

6 "**§ 105-277.8. Taxation of property of nonprofit homeowners' association.**

7 (a) ~~The~~ Except as provided in subsection (a1) of this section, the value of real and
8 personal property owned by a nonprofit homeowners' association shall be included in the
9 appraisals of property owned by members of the association and shall not be assessed against
10 the association ~~if~~ if each of the following requirements is met:

- 11 (1) All property owned by the association is held for the use, benefit, and
12 enjoyment of all members of the association ~~equally~~; equally.
- 13 (2) Each member of the association has an irrevocable right to use and enjoy, on
14 an equal basis, all property owned by the association, subject to any
15 restrictions imposed by the instruments conveying the right or the rules,
16 regulations, or bylaws of the ~~association~~; and association.
- 17 (3) Each irrevocable right to use and enjoy all property owned by the association
18 is appurtenant to taxable real property owned by a member of the
19 association.

20 The assessor may allocate the value of the association's property among the property of the
21 association's members on any fair and reasonable basis.

22 (a1) The value of extraterritorial common property shall be subject to taxation only in
23 the jurisdiction in which it is entirely contained and only in the amount of the local tax of the
24 jurisdiction in which it is entirely contained. The value of any property taxed pursuant to this
25 subsection, as determined by the latest schedule of values, shall not be included in the
26 appraisals of property owned by members of the association that are referenced in subsection
27 (a) of this section or otherwise subject to taxation. The assessor for the jurisdiction that imposes
28 a tax pursuant to this subsection shall provide notice of the property, the value, and any other
29 information to the assessor of any other jurisdiction so that the real properties owned by the
30 members of the association are not subject to taxation for that value.

31 (b) As used in this section, "nonprofit homeowners' association" means a homeowners'
32 association as defined in § 528(c) of the Internal Revenue ~~Code~~-Code, and "extraterritorial
33 common property" means real property that is (i) owned by a nonprofit homeowners'
34 association that meets the requirements of subdivisions (1) through (3) of subsection (a) of this
35 section and (ii) entirely contained within a taxing jurisdiction that is different from that of the



1 taxable real property owned by members of the association and providing the appurtenant
2 rights to use and enjoy the association property."

3 **SECTION 2.** This act is effective for taxes imposed for taxable years beginning on
4 or after July 1, 2012.