

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2007**

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**D**

**HOUSE DRH80574-MEx-12A (5/1)**

Short Title: Simplify Taxation of Certain HOA Property.

(Public)

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Sponsors: Representative Stiller.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO SIMPLIFY THE COLLECTION OF PROPERTY TAXES THAT ARE DUE UNDER G.S.105-277.8 ON PROPERTY OWNED BY CERTAIN NONPROFIT HOMEOWNERS' ASSOCIATIONS.

The General Assembly of North Carolina enacts:

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

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

(a) The value of real and personal property owned by a nonprofit homeowners' association shall be included in the appraisals of property owned by members of the association and shall not be assessed against the association if:

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

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

(a1) If a nonprofit homeowners' association owns real property that (i) is located in more than one municipality or more than one county and (ii) meets the requirements of subdivisions (1) through (3) of subsection (a) of this section, then the property tax for that property shall be assessed against the homeowners' association. The assessor shall reduce the appraised tax value of members' property based on the property tax payable by the homeowners' association.

1 (b) As used in this section, 'nonprofit homeowners' association' means a  
2 homeowners' association as defined in § 528(c) of the Internal Revenue Code."

3 **SECTION 2.** G.S. 105-282.1(a)(2)d. reads as rewritten:

4 "(2) Single application required. – An owner of one or more of the  
5 following properties eligible to be exempted or excluded from taxation  
6 must file an application for exemption or exclusion to receive it. Once  
7 the application has been approved, the owner does not need to file an  
8 application in subsequent years unless new or additional property is  
9 acquired or improvements are added or removed, necessitating a  
10 change in the valuation of the property, or there is a change in the use  
11 of the property or the qualifications or eligibility of the taxpayer  
12 necessitating a review of the exemption or exclusion:

13 ...

14 d. Property owned by a nonprofit homeowners' association but  
15 where the value of the property is included in the appraisals of  
16 property owned by members of the association under  
17 ~~G.S. 105-277.8.~~ G.S. 105-277.8(a).

18 ..."

19 **SECTION 3.** This act is effective when it becomes law.