

NORTH CAROLINA GENERAL ASSEMBLY
1975 SESSION

CHAPTER 591
SENATE BILL 778

AN ACT TO EXEMPT FROM FRANCHISE AND INCOME TAXATION CERTAIN
CONDOMINIUM HOUSING ASSOCIATIONS, HOMEOWNER ASSOCIATIONS AND
COOPERATIVE HOUSING CORPORATIONS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-125 is amended by changing the colon at the end of the first paragraph thereof to a semicolon and by adding the following:

"nor to corporations or organizations, such as condominium associations, homeowner associations or cooperative housing corporations not organized for profit, the membership of which is limited to the owners or occupants of residential units in the condominium, housing development, or cooperative housing corporation, and operated exclusively for the management, operation, preservation, maintenance or landscaping of the common areas and facilities owned by such corporation or organization or its members situated contiguous to such houses, apartments or other dwellings or for the management, operation, preservation, maintenance and repair of such houses, apartments or other dwellings owned by the corporation or organization or its members, but only if no part of the net earnings of such corporation or organization inures (other than through the performance of related services for the members of such corporation or organization) to the benefit of any member of such corporation or organization or other person:".

Sec. 2. G.S. 105-130.11 is amended by:

(a) Adding the words "and (c)" following the words "subsection (b)" in the first paragraph of subsection (a);

(b) Adding a new subdivision to be designated as subdivision (11) at the end of subsection (a), to read as follows:

"(11) Corporations or organizations, such as condominium associations, homeowner associations, or cooperative housing corporations not organized for profit, the membership of which is limited to the owners or occupants of residential units in the condominium, housing development or cooperative housing corporation, and operated exclusively for the management, operation, preservation, maintenance or landscaping of the common areas and facilities owned by such corporation or organization or its members situated contiguous to such houses, apartments or other dwellings or for the management, operation, preservation, maintenance and repair of such houses, apartments or other dwellings owned by the corporation or organization or its members, but only if no part of the net earnings of such corporation or organization inures (other than through the performance of related services for the members of such corporation or organization) to the benefit of any member of such corporation or organization or other person."

(c) Adding at the end thereof a new subsection to be designated as subsection (c), to read as follows:

"(c) Organizations described in subdivision (11) of subsection (a) of this section shall be subject to the tax provided for in G.S. 105-130.3 on its unrelated business income. For purposes

of this subsection the term 'unrelated business income' means gross income (excluding any membership income), less the deductions allowed by this Article which are directly connected with the production of such unrelated business income. The term 'membership income' means the gross income from assessments, fees, charges, or similar amounts received from members of the organization for expenditure in the preservation, maintenance, and management of the common areas and facilities of or the residential units in the condominium or housing development."

Sec. 3. This act shall apply to taxable years beginning on and after January 1, 1975.

In the General Assembly read three times and ratified, this the 13th day of June, 1975.