



1                   **homeowners' association by a member; and exemption**  
2                   **for certain contracts to purchase third party goods**  
3                   **or services by homeowner's association.**

4           (a) Membership dues, fees and assessments paid to a  
5 homeowners' association by a member thereof are exempt from the tax  
6 imposed by this article if the dues, fees and assessments are for  
7 the purpose of permitting or funding the homeowner's association to  
8 contract for purchase of third-party goods or services when acting  
9 in its representative capacity for all members, and only as a  
10 conduit for funds from the members, and not when the homeowner's  
11 association is selling taxable goods and services, without profit  
12 to its members.

13           (b) For purposes of this article:

14           (1) "Homeowners' association" means a homeowners' association  
15 as defined in Section 528 of the Internal Revenue Code of 1986, as  
16 amended. The term "homeowners' association" also includes any unit  
17 owners association organized under section one hundred one, article  
18 three, chapter thirty-six-b of this code.

19           (2) "Member" means a person having membership rights in a  
20 homeowners' association, in accordance with the provisions of its  
21 articles of incorporation, bylaws or other instruments creating its  
22 form and organization; and having bona fide rights and privileges  
23 in the organization ordinarily conferred on members of the  
24 homeowners' association, such as the right to vote, the right to  
25 elect officers and directors and the right to hold office within

1 the organization. The term "member" also includes a "unit owner"  
2 as that term is defined in section one hundred three, article one,  
3 chapter thirty-six-b of this code.

NOTE: The purpose of this bill is to exempt from consumers sales and service tax homeowners' association dues, fees and assessments paid by members thereof which are to be used by the homeowner's association acting in its representative capacity for all members to purchase for the members, rather than sell to the members, such goods and services.

This section is new; therefore, strike-throughs and underscoring have been omitted.