

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 2681

Short Title: Sales and Use Tax Exemption for Baked Goods. (Public)

Sponsors: Representative McComas.

Referred to: Finance.

May 25, 2006

1 A BILL TO BE ENTITLED
2 AN ACT TO EXEMPT BAKED GOODS FROM STATE SALES AND USE TAXES.
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** G.S. 105-164.3 reads as rewritten:

5 "**§ 105-164.3. Definitions.**

6 The following definitions apply in this Article:

7 (1) Baked goods. – Bakery items, including bread, rolls, buns, biscuits,
8 bagels, croissants, pastries, donuts, danish, cakes, tortes, pies, tarts,
9 muffins, bars, cookies, and tortillas.

10 ~~(1)~~(1a) Business. – Includes any activity engaged in by any person or caused
11 to be engaged in by him with the object of gain, profit, benefit or
12 advantage, either direct or indirect. The term "business" shall not be
13 construed in this Article to include occasional and isolated sales or
14 transactions by a person who does not hold himself out as engaged in
15 business.

16 ~~(1a)~~(1b) Cable service. – The one-way transmission to subscribers of video
17 programming or other programming service and any subscriber
18 interaction required to select or use the service.

19 ..."

20 **SECTION 2.** G.S. 105-164.13B reads as rewritten:

21 "**§ 105-164.13B. Food exempt from tax.**

22 (a) State Exemption. – Food is exempt from the taxes imposed by this Article
23 unless the food is included in one of the subdivisions in this subsection. The following
24 food items are subject to tax:

25 (1) Repealed by Session Laws 2005-276, s. 33.10, effective October 1,
26 2005.

27 (2) Dietary supplements.

28 (3) Food sold through a vending machine.

- 1 (4) Prepared ~~food~~ food, other than baked goods sold without eating
2 utensils provided by the seller.
3 (5) Soft drinks.
4 (6) Repealed by Session Laws 2003-284, s. 45.6B, effective January 1,
5 2004.
6 (7) Candy.
7 (b) Administration of Local Food Tax. – The Secretary must administer local
8 sales and use taxes imposed on food as if they were imposed under this Article. This
9 applies to local taxes on food imposed under Subchapter VIII of this Chapter and under
10 Chapter 1096 of the 1967 Session Laws."
11 **SECTION 3.** This act becomes effective on July 1, 2006, and applies to
12 sales made on or after that date.