



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

4           (1) ~~Alcoholic beverages, as defined in G.S. 105-113.68.~~

5           (2) Dietary supplements.

6           (3) Food sold through a vending machine.

7           (4) Prepared food.

8           (5) Soft drinks.

9           (6) **(Repealed effective January 1, 2004)** Candy, unless the item is  
10 purchased for home consumption and would be exempt if purchased  
11 under the Federal Food Stamp Program, 7 U.S.C. § 51."

12       **SECTION 2.(b)** Subdivision (b)(5) of Section 5 of Part IV of Chapter 908 of  
13 the 1983 Session Laws, as amended by Chapter 821 of the 1989 Session Laws and S.L.  
14 2001-347, reads as rewritten:

15       (b) Definitions. The definitions in G.S. 105-164.3 apply to this Part insofar as  
16 they are not inconsistent with the provisions of this Part. In addition, the following  
17 definitions apply in this Part:

18       ...

19       (5) Prepared Food and Beverages. The term ~~has the same meaning as the~~  
20 ~~term "prepared food" in G.S. 105-164.3, includes the following:~~

21           a. Prepared food, as defined in G.S. 105-164.3.

22           b. An alcoholic beverage, as defined in G.S. 18B-101, that meets  
23 at least one of the conditions of prepared food under  
24 G.S. 105-164.3."

25       **SECTION 2.(c)** Subdivision (a)(2) of Section 2 of Chapter 413 of the 1993  
26 Session Laws, as amended by S.L. 2001-347, reads as rewritten:

27       "Sec. 2. Definitions; Sales and Use Tax Statutes. – (a) The definitions in  
28 G.S. 105-164.3 apply to this act to the extent they are not inconsistent with the  
29 provisions of this act. In addition, the following definitions apply in this act:

30       ...

31       (2) Prepared food and beverages. – The term ~~has the same meaning as the~~  
32 ~~term "prepared food" in G.S. 105-164.3, includes the following:~~

33           a. Prepared food, as defined in G.S. 105-164.3.

34           b. An alcoholic beverage, as defined in G.S. 18B-101, that meets  
35 at least one of the conditions of prepared food under  
36 G.S. 105-164.3."

37       **SECTION 2.(d)** Section 2 of Chapter 449 of the 1985 Session Laws, as  
38 amended by Chapter 826 of the 1985 Session Laws, Chapter 177 of the 1991 Session  
39 Laws, and S.L. 2001-347, reads as rewritten:

40       "Sec. 2. Definitions. The definitions in G.S. 105-164.3 apply in this act. In addition,  
41 the following definitions apply in this act.

42       (1) Net proceeds. Gross proceeds less the cost to the county of  
43 administering and collecting the tax.

- 1 (2) Prepared food and beverages. The term ~~has the same meaning as the~~  
2 ~~term "prepared food" in G.S. 105-164.3; includes the following:~~  
3 a. Prepared food, as defined in G.S. 105-164.3.  
4 b. An alcoholic beverage, as defined in G.S. 18B-101, that meets  
5 at least one of the conditions of prepared food under  
6 G.S. 105-164.3."

7 **SECTION 2.(e)** Subsection (b) of Section 1 of Chapter 449 of the 1993  
8 Session Laws, as amended by S.L. 2001-347, reads as rewritten:

9 "(b) Definitions; Sales and Use Tax Statutes. – The definitions in G.S. 105-164.3  
10 apply to this section to the extent they are not inconsistent with the provisions of this  
11 section. The provisions of Article 5 and Article 9 of Chapter 105 of the General Statutes  
12 apply to this section to the extent they are not inconsistent with the provisions of this  
13 section.~~In addition, For the purposes of this section, the term "prepared food and~~  
14 ~~beverages" has the same meaning as the term "prepared food" in G.S. 105-164.3.~~  
15 includes the following:

- 16 (1) Prepared food, as defined in G.S. 105-164.3.  
17 (2) An alcoholic beverage, as defined in G.S. 18B-101, that meets at least  
18 one of the conditions of prepared food under G.S. 105-164.3.

19 ~~The provisions of Article 5 and Article 9 of Chapter 105 of the General Statutes apply to~~  
20 ~~this section to the extent they are not inconsistent with the provisions of this section."~~

21 **SECTION 2.(f)** Subdivision (3) of Section 2 of Chapter 594 of the 1991  
22 Session Laws, as amended by S.L. 2001-347, reads as rewritten:

23 "Sec. 2. Definitions. The definitions in G.S. 105-164.3 apply to this act to the extent  
24 they are not inconsistent with the provisions of this act. The following definitions also  
25 apply in this act:

- 26 ...  
27 (3) Prepared food and beverage. The term ~~has the same meaning as the~~  
28 ~~term "prepared food" in G.S. 105-164.3; includes the following:~~  
29 a. Prepared food, as defined in G.S. 105-164.3.  
30 b. An alcoholic beverage, as defined in G.S. 18B-101, that meets  
31 at least one of the conditions of prepared food under  
32 G.S. 105-164.3."

33 **SECTION 3.** G.S. 105-164.13C(a) reads as rewritten:

34 "(a) The taxes imposed by this Article do not apply to the following items of  
35 tangible personal property if sold between 12:01A.M. on the first Friday of August and  
36 11:59 P.M. the following Sunday:

- 37 (1) Clothing with a sales price of one hundred dollars (\$100.00) or less per  
38 item.  
39 (2) School supplies with a sales price of one hundred dollars (\$100.00) or  
40 less per item.  
41 (3) Computers with a sales price of three thousand five hundred dollars  
42 (\$3,500) or less per item.

1           (4) ~~Sport or recreational equipment with a sales price of fifty dollars~~  
2           ~~(\$50.00) or less per item. Computer supplies with a sales price of two~~  
3           ~~hundred fifty dollars (\$250.00) or less per item.~~

4           (5) Sport or recreational equipment with a sales price of fifty dollars  
5           (\$50.00) or less per item."

6           **SECTION 4.** G.S. 105-164.28 reads as rewritten:

7           "**§ 105-164.28. Certificate of resale.**

8           (a) Seller's Responsibility. – A seller who accepts a certificate of resale from a  
9           purchaser of tangible personal property has the burden of proving that the sale was not a  
10          retail sale unless all of the following conditions are met:

11          (1) For a sale made in person, the certificate is signed by the ~~purchaser,~~  
12          purchaser and states the purchaser's name, address, ~~and~~ registration  
13          number, and type of business. ~~describes the type of tangible personal~~  
14          ~~property generally sold by the purchaser in the regular course of~~  
15          ~~business.~~

16          (2) For a sale made in person, the ~~purchaser is engaged in the business of~~  
17          ~~selling tangible personal property of the type sold.~~ sold is typically used  
18          in the type of business stated on the certificate.

19          (3) For a sale made over the Internet or by other remote means, the sales  
20          tax registration number given by the purchaser matches the number on  
21          the Department's registry.

22          (b) ~~Liabilities. Purchaser's Liability.~~ – A purchaser who does not resell property  
23          purchased under a certificate of resale is liable for any tax subsequently determined to  
24          be due on the sale. ~~A seller of property sold under a certificate of resale is jointly liable~~  
25          ~~with the purchaser of the property for any tax subsequently determined to be due on the~~  
26          ~~sale only if the Secretary proves that the sale was a retail sale."~~

27          **SECTION 5.** G.S. 105-164.42B(1) reads as rewritten:

28          "**§ 105-164.42B. Definitions.**

29          The following definitions apply in this Part:

30          (1) Agreement. — ~~The Streamlined Sales and Use Tax~~  
31          ~~Agreement.~~ Agreement, as defined in G.S. 105-164.3.

32          ...."

33          **SECTION 6.** This act is effective when it becomes law.