

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

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**SENATE DRS55359-MC-10A (5/4)**

Short Title: Level Field for Baked Goods at 2% Sales Tax. (Public)

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Sponsors: Senator Cowell.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO LEVEL THE FIELD FOR BAKED GOODS AT TWO PERCENT SALES AND USE TAX.

The General Assembly of North Carolina enacts:

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

**"§ 105-164.3. Definitions.**

The following definitions apply in this Article:

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

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

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

..."

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

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

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

(1) Repealed by Session Laws 2005-276, s. 33.10, effective October 1, 2005.

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- 6           (6)    Repealed by Session Laws 2003-284, s. 45.6B, effective January 1,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