

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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SENATE BILL 1466

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

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Sponsors: Senators Cowell; Graham, Hunt, Kinnaird, and Stevens.

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Referred to: Finance.

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May 17, 2006

1 A BILL TO BE ENTITLED  
2 AN ACT TO LEVEL THE FIELD FOR BAKED GOODS AT TWO PERCENT  
3 SALES AND USE TAX.

4 The General Assembly of North Carolina enacts:

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

6 "§ 105-164.3. Definitions.

7 The following definitions apply in this Article:

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

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

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

20 ..."

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

22 "§ 105-164.13B. Food exempt from tax.

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

- 26 (1) Repealed by Session Laws 2005-276, s. 33.10, effective October 1,  
27 2005.  
28 (2) Dietary supplements.  
29 (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4           (6)    Repealed by Session Laws 2003-284, s. 45.6B, effective January 1,  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.