

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE BILL 761

Short Title: Sales Tax Exemption For Baked Goods. (Public)

Sponsors: Senators Hoyle; Albertson, Atwater, Bingham, Boseman, Cowell, Dalton, Forrester, Garrou, Goss, Jenkins, Kerr, Malone, Nesbitt, Queen, Stevens, Swindell, and Tillman.

Referred to: Finance.

March 14, 2007

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) Ancillary service. – A service associated with or incidental to the
8 provision of a telecommunications service. The term includes detailed
9 communications billing, directory assistance, vertical service, and
10 voice mail service. A vertical service is a service, such as call
11 forwarding, caller ID, three-way calling, and conference bridging, that
12 allows a customer to identify a caller or manage multiple calls and call
13 connections.

14 (1a) Baked goods. – Bakery items, including bread, rolls, buns, biscuits,
15 bagels, croissants, pastries, donuts, danish, cakes, tortes, pies, tarts,
16 muffins, bars, cookies, and tortillas.

17 ~~(1a)~~(1b) Business. – Includes any activity engaged in by any person or
18 caused to be engaged in by him with the object of gain, profit, benefit
19 or advantage, either direct or indirect. The term "business" shall not be
20 construed in this Article to include occasional and isolated sales or
21 transactions by a person who does not hold himself out as engaged in
22 business.

23 ~~(1b)~~(1c) Cable service. – The one-way transmission to subscribers of video
24 programming or other programming service and any subscriber
25 interaction required to select or use the service.

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

1 "§ 105-164.13B. Food exempt from tax.

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

5 (1) Repealed by Session Laws 2005-276, s. 33.10, effective October 1,
6 2005.

7 (2) Dietary supplements.

8 (3) Food sold through a vending machine.

9 (4) Prepared ~~food~~ food, other than baked goods sold without eating
10 utensils provided by the seller.

11 (5) Soft drinks.

12 (6) Repealed by Session Laws 2003-284, s. 45.6B, effective January 1,
13 2004.

14 (7) Candy.

15 (b) Administration of Local Food Tax. – The Secretary must administer local
16 sales and use taxes imposed on food as if they were imposed under this Article. This
17 applies to local taxes on food imposed under Subchapter VIII of this Chapter and under
18 Chapter 1096 of the 1967 Session Laws."

19 **SECTION 3.** This act becomes effective on April 1, 2003, and applies to
20 sales made on or after that date. This act is repealed on March 1, 2006.