

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2007**

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**SENATE DRS35064-MC-52 (2/12)**

Short Title: Exemption for Baked Goods. (Public)

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Sponsors: Senators Atwater, and Lucas.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO EXEMPT BAKED GOODS FROM STATE SALES AND USE TAXES.

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

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

~~(1a)~~(1b) 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.

~~(1b)~~(1c) 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.

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**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5 (1) Repealed by Session Laws 2005-276, s. 33.10, effective October 1,  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 July 1, 2007, and applies to  
20 sales made on or after that date.