

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

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**HOUSE BILL 2001**

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

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Sponsors: Representative Walend.

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Referred to: Finance.

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May 10, 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.

26 ...."

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

28 "**§ 105-164.13B. Food exempt from tax.**

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4 (1) Repealed by Session Laws 2005-276, s. 33.10, effective October 1,  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

6 (2) Dietary supplements.

7 (3) Food sold through a vending machine.

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

10 (5) Soft drinks.

11 (6) Repealed by Session Laws 2003-284, s. 45.6B, effective January 1,  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

13 (7) Candy.

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

18 **SECTION 3.** This act becomes effective July 1, 2007, and applies to sales  
19 made on or after that date.