



- 1 a. A product and any packaging item that accompanies the product
- 2 and is exempt under G.S. 105-164.13(23).
- 3 b. A sale of two or more products whose combined price varies, or
- 4 is negotiable, depending on the products the purchaser selects.
- 5 c. A sale of a product accompanied by a transfer of another
- 6 product with no additional consideration.
- 7 d. A product and the delivery or installation of the product.
- 8 e. A product and any service necessary to complete the sale.
- 9 (1d) Business. – Includes any activity engaged in by any person or caused
- 10 to be engaged in by him with the object of gain, profit, benefit or
- 11 advantage, either direct or indirect. The term "business" shall not be
- 12 construed in this Article to include occasional and isolated sales or
- 13 transactions by a person who does not hold himself out as engaged in
- 14 business.
- 15 (1f) Cable service. – The one-way transmission to subscribers of video
- 16 programming or other programming service and any subscriber
- 17 interaction required to select or use the service.
- 18 (2) Candy. – A preparation of sugar, honey, or other natural or artificial
- 19 sweeteners in combination with chocolate, fruits, nuts, or other
- 20 ingredients or flavorings in the form of bars, drops, or pieces that do
- 21 not require refrigeration. The term does not include any preparation
- 22 that contains flour.

23 ...."

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

25 **"§ 105-164.13B. Food exempt from tax.**

26 (a) State Exemption. – Food is exempt from the taxes imposed by this Article

27 unless the food is included in one of the subdivisions in this subsection. The following

28 food items are subject to tax:

- 29 (1) Repealed by Session Laws 2005-276, s. 33.10, effective October 1,
- 30 2005.
- 31 (2) Dietary supplements.
- 32 (3) Food sold through a vending machine.
- 33 (4) Prepared ~~food~~ food, other than baked goods sold without eating
- 34 utensils provided by the seller.
- 35 (5) Soft drinks.
- 36 (6) Repealed by Session Laws 2003-284, s. 45.6B, effective January 1,
- 37 2004.
- 38 (7) Candy.

39 (b) Administration of Local Food Tax. – The Secretary must administer local

40 sales and use taxes imposed on food as if they were imposed under this Article. This

41 applies to local taxes on food imposed under Subchapter VIII of this Chapter and under

42 Chapter 1096 of the 1967 Session Laws."

43 **SECTION 3.** This act becomes effective on April 1, 2003, and applies to

44 sales made on or after that date. This act is repealed effective March 1, 2006.