

HOUSE BILL NO. 1499

Introduced by

Representative Monson

(Approved by the Delayed Bills Committee)

1 A BILL for an Act to amend and reenact sections 57-39.2-04.1 and 57-40.2-04.1 of the North
2 Dakota Century Code, relating to imposition of sales and use taxes on certain prepared foods;
3 and to provide an effective date.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 57-39.2-04.1 of the North Dakota Century Code
6 is amended and reenacted as follows:

7 **57-39.2-04.1. Sales tax exemption for food and food products.** Gross receipts from
8 sales for human consumption of food and food products including, but not limited to, cereal and
9 cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat
10 products, poultry and fish and other fresh and saltwater animal products, eggs and egg
11 products, vegetables and vegetable products, fruit and fruit products, spices and salt, and sugar
12 and sugar products when purchased by consumers for consumption off the premises where
13 purchased, are exempt from the sales tax imposed by this chapter. Gross receipts from sales
14 for human consumption of food and food products given, or to be given, as samples to
15 consumers for consumption on the premises of a food store are exempt from the sales tax
16 imposed by this chapter. Purchases made with food coupons issued by the United States
17 department of agriculture under the Food Stamp Act of 1977, as amended, are exempt from the
18 tax imposed by this chapter pursuant to the Food Security Act of 1985. For purposes of this
19 section, "food" and "food products" do not include:

- 20 1. Alcoholic beverages or mixed drinks made from alcoholic beverages.
- 21 2. Candy or chewing gum.
- 22 3. Carbonated beverages.
- 23 4. Beverages commonly referred to as soft drinks containing less than seventy
24 percent fruit juice.

- 1 5. Powdered drink mixes.
- 2 6. Medicines and preparations in liquid, powdered, granular, tablet, capsule, lozenge,
- 3 or pill form sold as dietary supplements or adjuncts.
- 4 7. Coffee and coffee substitutes.
- 5 8. Tea.
- 6 9. Cocoa or cocoa products.
- 7 10. Prepared pizza, sandwiches, salads or delicatessen trays.
- 8 11. Frozen prepared meals or snacks that require only reheating.
- 9 12. Snack foods including any item that is ordinarily sold for consumption without
- 10 further preparation or that requires no preparation other than combining the item
- 11 with a liquid, that may be stored unopened without refrigeration, and that is not
- 12 generally considered a major component of a well-balanced meal. Snack food as
- 13 used in this subsection includes snack chips, processed fruit snacks, fruit rolls, fruit
- 14 bars, popped popcorn, pork rinds, pretzels, cheese sticks and puffs, granola bars,
- 15 breakfast bars, bread sticks, roasted nuts, doughnuts, cookies, crackers, pastries,
- 16 toaster pastries, croissants, cakes, pies, ice cream cones, marshmallows,
- 17 marshmallow cream, artificially flavored powdered or liquid drink mixes or drinks,
- 18 ice cream sauces including chocolate sauce, ready-to-eat puddings, beef jerky,
- 19 meat bars, and dips.
- 20 13. Baked goods in individual serving sizes, not including bread and buns.
- 21 14. Popsicles, snow cones, and other flavored-ice products.

22 **SECTION 2. AMENDMENT.** Section 57-40.2-04.1 of the North Dakota Century Code
23 is amended and reenacted as follows:

24 **57-40.2-04.1. Use tax exemption for food and food products.** Gross receipts from
25 sales for human consumption of food and food products including, but not limited to, cereal and
26 cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat
27 products, poultry and fish and other fresh and saltwater animal products, eggs and egg
28 products, vegetables and vegetable products, fruit and fruit products, spices and salt, and sugar
29 and sugar products when purchased by consumers for consumption off the premises where
30 purchased, are exempt from the use tax imposed by chapter 57-40.2. Gross receipts from
31 sales for human consumption of food and food products given, or to be given, as samples to

1 consumers for consumption on the premises of a food store are exempt from the use tax
2 imposed by this chapter. Purchases made with food coupons issued by the United States
3 department of agriculture under the Food Stamp Act of 1977, as amended, are exempt from the
4 tax imposed by this chapter pursuant to the Food Security Act of 1985. For purposes of this
5 section, "food" and "food products" do not include:

- 6 1. Alcoholic beverages or mixed drinks made from alcoholic beverages.
- 7 2. Candy or chewing gum.
- 8 3. Carbonated beverages.
- 9 4. Beverages commonly referred to as soft drinks containing less than seventy
10 percent fruit juice.
- 11 5. Powdered drink mixes.
- 12 6. Medicines and preparations in liquid, powdered, granular, tablet, capsule, lozenge,
13 or pill form sold as dietary supplements or adjuncts.
- 14 7. Coffee and coffee substitutes.
- 15 8. Tea.
- 16 9. Cocoa or cocoa products.
- 17 10. Prepared pizza, sandwiches, salads, or delicatessen trays.
- 18 11. Frozen prepared meals or snacks that require only reheating.
- 19 12. Snack foods including any item that is ordinarily sold for consumption without
20 further preparation or that requires no preparation other than combining the item
21 with a liquid, that may be stored unopened without refrigeration, and that is not
22 generally considered a major component of a well-balanced meal. Snack food as
23 used in this subsection includes snack chips, processed fruit snacks, fruit rolls, fruit
24 bars, popped popcorn, pork rinds, pretzels, cheese sticks and puffs, granola bars,
25 breakfast bars, bread sticks, roasted nuts, doughnuts, cookies, crackers, pastries,
26 toaster pastries, croissants, cakes, pies, ice cream cones, marshmallows,
27 marshmallow cream, artificially flavored powdered or liquid drink mixes or drinks,
28 ice cream sauces including chocolate sauce, ready-to-eat puddings, beef jerky,
29 meat bars, and dips.
- 30 13. Baked goods in individual serving sizes, not including bread and buns.
- 31 14. Popsicles, snow cones, and other flavored-ice products.

1 **SECTION 3. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
2 June 30, 2003.