

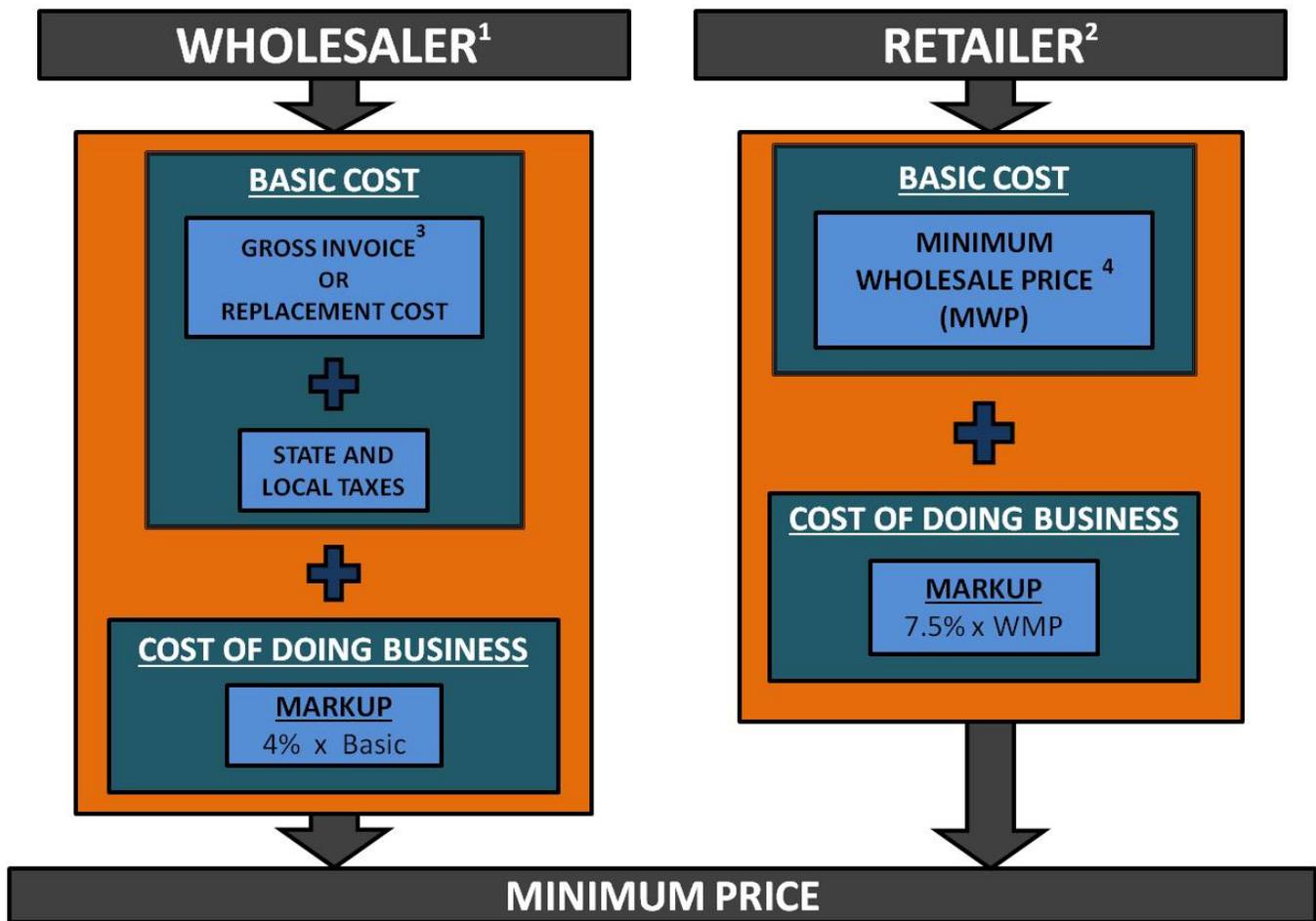
Arkansas



Minimum Markup Minimum Pricing

Yes Blank No -- Not Applicable/Addressed

Cigarette Pricing – 2015



Note: This state does not set a minimum price for OTP.

Selected State Tobacco Minimum Pricing Laws as of January 1, 2015

Arkansas

Formulating Price

State Pricing Regulation Strength: Factors that Decrease versus Increase Statutory Price*

Pricing Formula Elements That
DECREASE PRICE



Number of factors
decreasing price:
Above Average

Pricing Formula Elements That
INCREASE PRICE



Number of factors
increasing price:
Below Average

Total Decrease Factors (State):	4
Average Decrease Factors (National):	3.2
Below-Cost Combination Sales Explicitly Permitted	✓
Below-Cost Coupons Permitted	✓
Consumers Can Receive Below-Cost Coupons	✓
Trade Discounts Explicitly Permitted	
Trade Discounts Include Discount Programs	
Competitor Price-Matching Permitted	✓

Total Increase Factors (State):	3
Average Increase Factors (National):	3.3
≥ 2 Parties Regulated	✓
Markup Applied	✓
Taxes	✓
Cartage	
Other Costs	

**Note: See "How to Read" for an explanation of terms and factors, and "Methods" for detailed methodology.*

Markup Rates Across Standard Distribution Chain

	Stamping Agent	Wholesaler/Distributor	Retailer/Dealer	Total Standard Markup	State vs Nat'l Total Markups
Arkansas		4%	7.5%	11.5%	--
Nat'l Average Markup of States Where Distribution Level Regulated	1.15% (N=3)	3.668% (N=26)	8.021% (N=24)	12.839%	↓ Below Average
Nat'l Average Markup of All Markup States (N=27)	0.128%	3.532%	7.13%	10.79%	↑ Above Average

Combination Sales

Types of Combination Sales Permitted

Buy-One-Get-One or Multi-Pack	
Tobacco Product + Coupon	✓
Tobacco Product + Non-Tobacco Product	

Coupons

Who May Distribute Coupons to Consumers?

Manufacturer	✓	Retailer/Dealer	
Wholesaler/Distributor		Distributing Party Not Addressed	

Footnotes

Arkansas- Cigarette

1. Where wholesalers sell to other wholesalers, the seller is not bound by the minimum markup formula. However, any subsequent sale to a retailer must abide by the state's minimum pricing laws. Ark. Code Ann. § 4-75-710.
2. Where a retailer receives discounts normally only afforded wholesalers, the retailer must add the wholesaler markup (to the extent he or she received wholesaler discounts) to his own retailer markup when determining the minimum price. Therefore, even though the retailer may not purchase directly from a wholesaler, the wholesaler markup must still be added. Ark. Code Ann. § 4-75-702(4)(C).
3. "Gross invoice cost" is defined as the manufacturer's or wholesaler's price for the product sold as listed on the invoice to the wholesaler or retailer, as the case may be, before any deduction for allowances, whether manufacturer promotional allowances or otherwise, or for discounts of any kind." Ark. Code Ann. § 4-75-702(1) (West 2010).
4. The statute defines "basic cost of cigarettes" in relation to the purchasing party. Ark. Code Ann. § 4-75-702(1). Therefore, the invoice or replacement cost to the retailer will generally be the minimum price the products can be purchased from the wholesaler, or the "minimum wholesale price," as we've indicated here.