

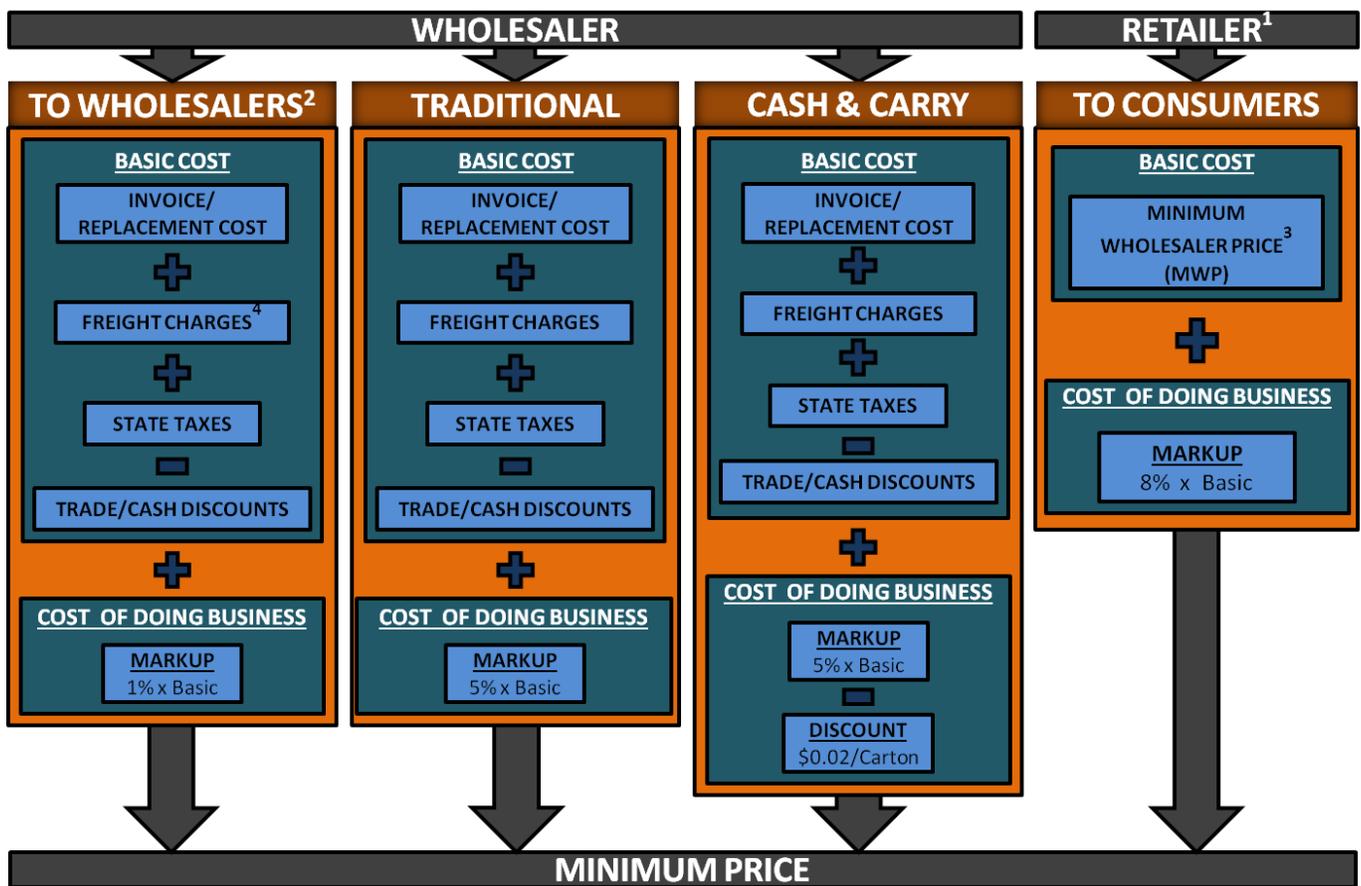
# Maryland



Minimum Markup  Minimum Pricing

✓ Yes   Blank No   -- Not Applicable/Addressed

## Cigarette Pricing – 2015



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

## 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: **Above Average**

<b>Total Decrease Factors (State):</b>	<b>5</b>
<b>Average Decrease Factors (National):</b>	<b>3.2</b>
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	✓

<b>Total Increase Factors (State):</b>	<b>4</b>
<b>Average Increase Factors (National):</b>	<b>3.3</b>
≥ 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
<b>Maryland</b>		5%	8%	<b>13%</b>	--
<b>Nat'l Average Markup of States Where Distribution Level Regulated</b>	1.15% (N=3)	3.668% (N=26)	8.021% (N=24)	<b>12.839%</b>	↑ Above Average
<b>Nat'l Average Markup of All Markup States (N=27)</b>	0.128%	3.532%	7.13%	<b>10.79%</b>	↑ 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	

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## Footnotes

### Maryland- Cigarette

1. When a retailer gets discounts normally only afforded wholesalers, the cost to the retailer must include the cost to the wholesaler. MD. Code Ann. § 11-503(b).
2. When a wholesaler sells cigarettes to another wholesaler, the seller must apply a one percent markup. MD. Code Ann. § 11-503(c)(1). Most states with minimum pricing schemes do not apply a markup between wholesalers.
3. In calculating the retailer's basic cost, the invoice cost to the retailer includes the cost to a wholesaler. MD. Code Ann. § 11-501. In practical terms, the retailer's "invoice cost" is the minimum price the products can be purchased from the wholesaler ("minimum wholesaler price" or "MWP").
4. Freight charges are added as part of the basic cost calculation only if they aren't already included in the invoice cost. MD. Code Ann. § 11-501.