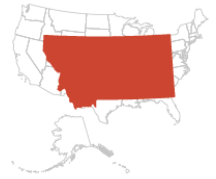


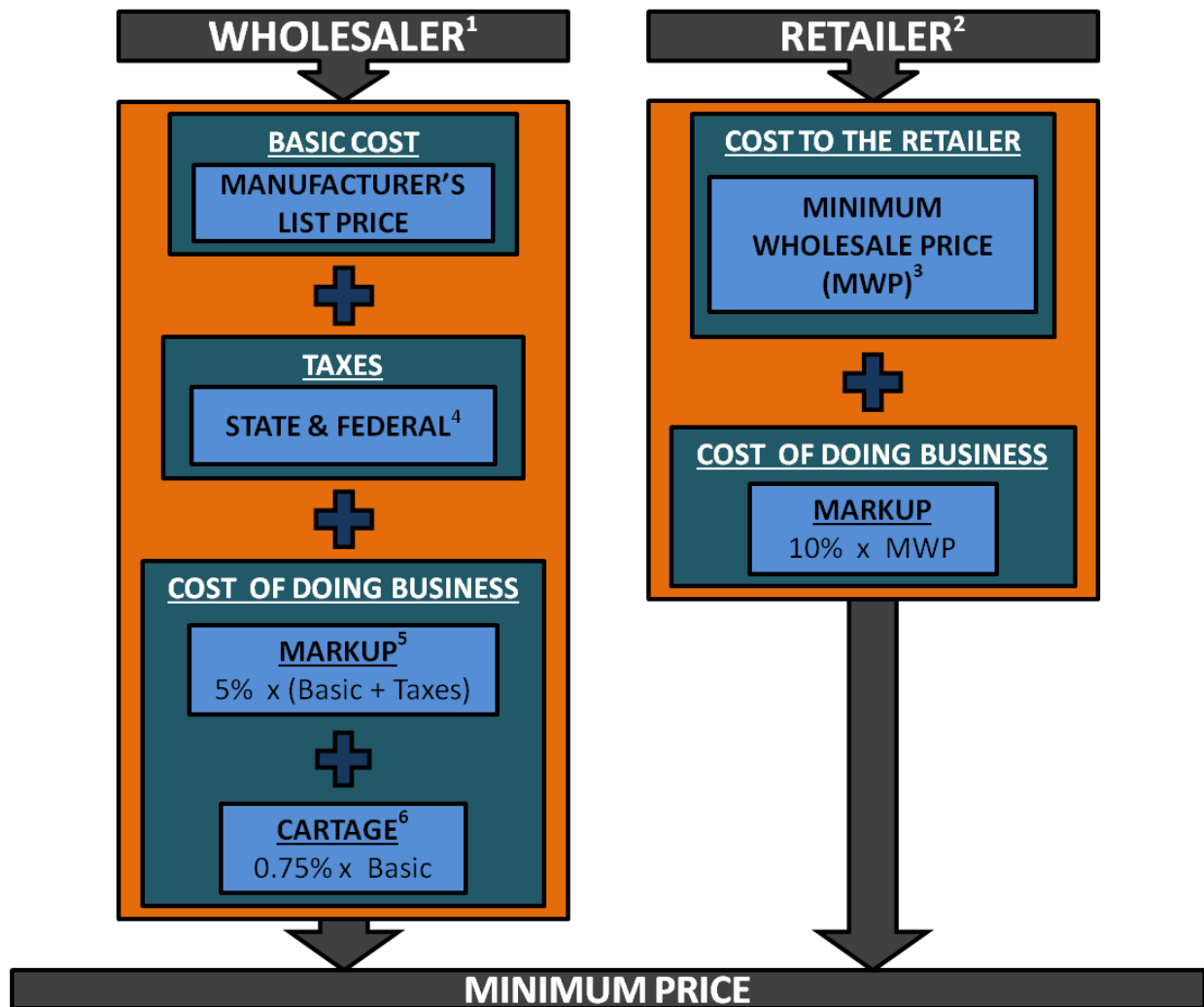
# Montana



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: **Below Average**

Pricing Formula Elements That **INCREASE PRICE**  Number of factors increasing price: **Above Average**

<b>Total Decrease Factors (State):</b>	<b>2</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>Montana</b>		5%	10%	<b>15%</b>	--
<b>Nat'l Average Markup of States Where Distribution Level Regulated</b>	1.15% (N=3)	3.67% (N=26)	8.02% (N=24)	<b>12.84%</b>	↑ Above Average
<b>Nat'l Average Markup of All Markup States (N=27)</b>	0.13%	3.53%	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	--

---

## Footnotes

### Montana- Cigarette

1. When wholesaler sells cigarettes to any other wholesaler, the former shall not be required to include in his selling price to the latter “cost of the wholesaler.” Mont. Code Ann. § 16-10-201.
2. Any retailer who receives discounts typically only given to wholesalers must include the wholesaler’s “cost of doing business” in its computation of minimum price at the retail level. Mont. Code Ann. § 16-10-103(4)(c). We’ve interpreted this to mean a retailer is, in essence, acting as both wholesaler and retailer, and must apply both markups accordingly.
3. The basic cost to the retailer includes the invoice cost from the wholesaler. In practical terms, this is the minimum price the products can be purchased from the wholesaler (“minimum wholesale price” or “MWP”). Mont. Code Ann. § 16-10-103.
4. The taxes are not included in the basic cost formula. Instead, they are added to the basic cost prior to applying the cost of doing business. Mont.Admin.R. 42.31.308.
5. The cost of doing business is multiplied by the sum of the basic cost of cigarettes and applicable state and federal taxes. Mont.Admin.R. 42.31.308.
6. The cost of cartage is only applied where the wholesaler pays for or performs cartage to the retailer. Mont. Code Ann. § 16-10-103.