

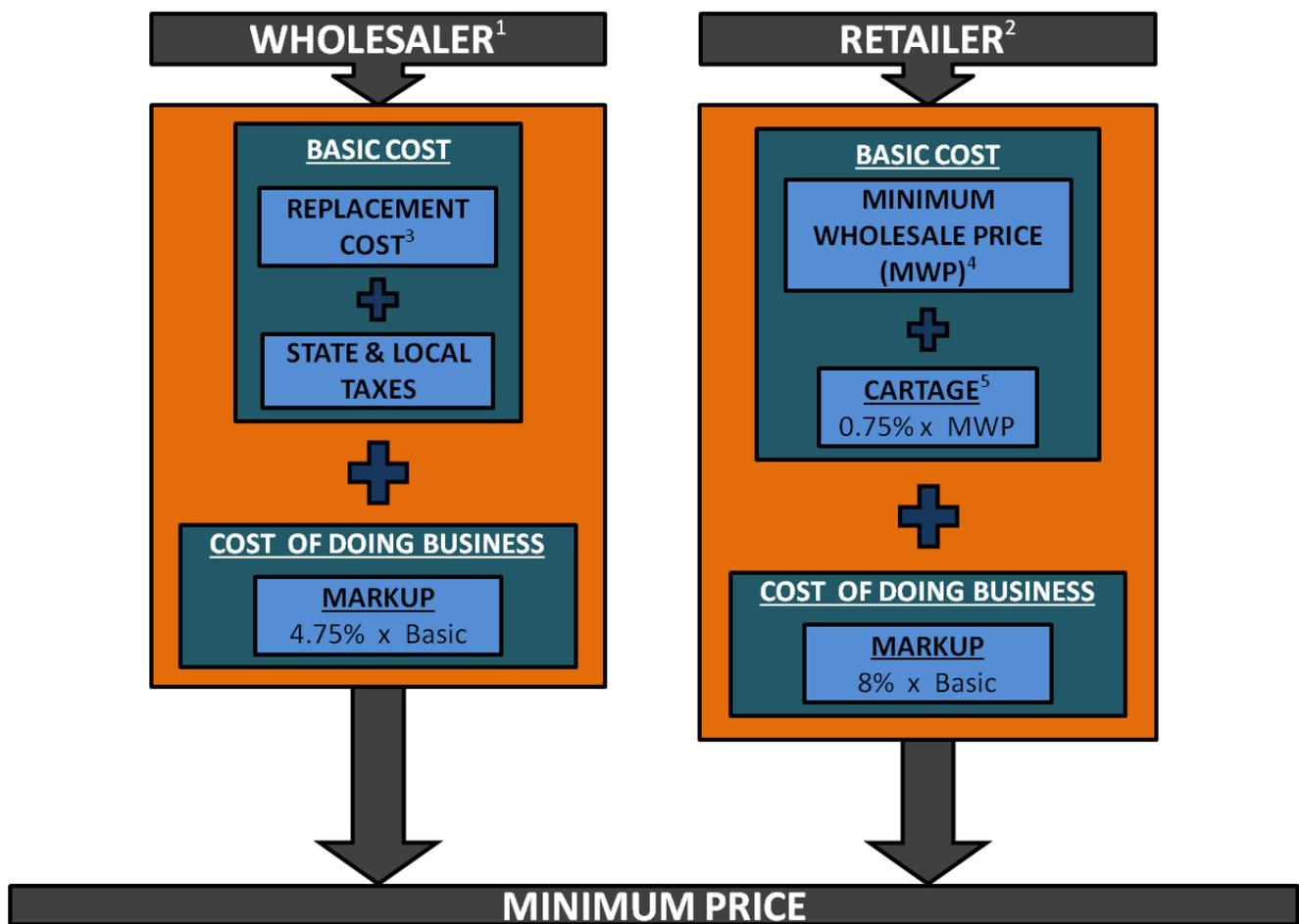
Nebraska



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**

Total Decrease Factors (State):	5
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):	4
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
Nebraska		4.75%	8%	12.75%	--
Nat'l Average Markup of States Where Distribution Level Regulated	1.15% (N=3)	3.67% (N=26)	8.02% (N=24)	12.84%	↓ <i>Below Average</i>
Nat'l Average Markup of All Markup States (N=27)	0.13%	3.53%	7.13%	10.79%	↑ <i>Above Average</i>

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

Nebraska- 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.” Neb. Rev. Stat. § 59-1507.
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. Neb. Rev. Stat. § 59-1504. We’ve interpreted this to mean a retailer is, in essence, acting as both wholesaler and retailer, and must apply both markups accordingly.
3. While most states dictate that a party can use either the invoice OR replacement cost, Nebraska requires parties to utilize only the replacement cost. Neb.Rev.St. § 59-1502
4. While most states dictate that a party can use either the invoice OR replacement cost, Nebraska requires parties to utilize only the replacement cost. The statute uses the term “replacement cost of cigarettes to the retailer.” In practical terms, this is the minimum price the products can be purchased from the wholesaler (“minimum wholesale price” or “MWP”). Additionally, it is assumed that applicable taxes have been applied at the wholesale level; however, where taxes have not already been included for any reason, they are to be included as part of the basic cost to the retailer. Neb.Rev.St. § 59-1502.
5. Cartage is to only be applied if performed or paid for (in any part) by the retailer. Where a wholesaler is also a retailer, the wholesaler is to apply cartage to the “cost of the retailer” when making sales at the consumer level. 316 Neb. Admin. Code § 59.009.