

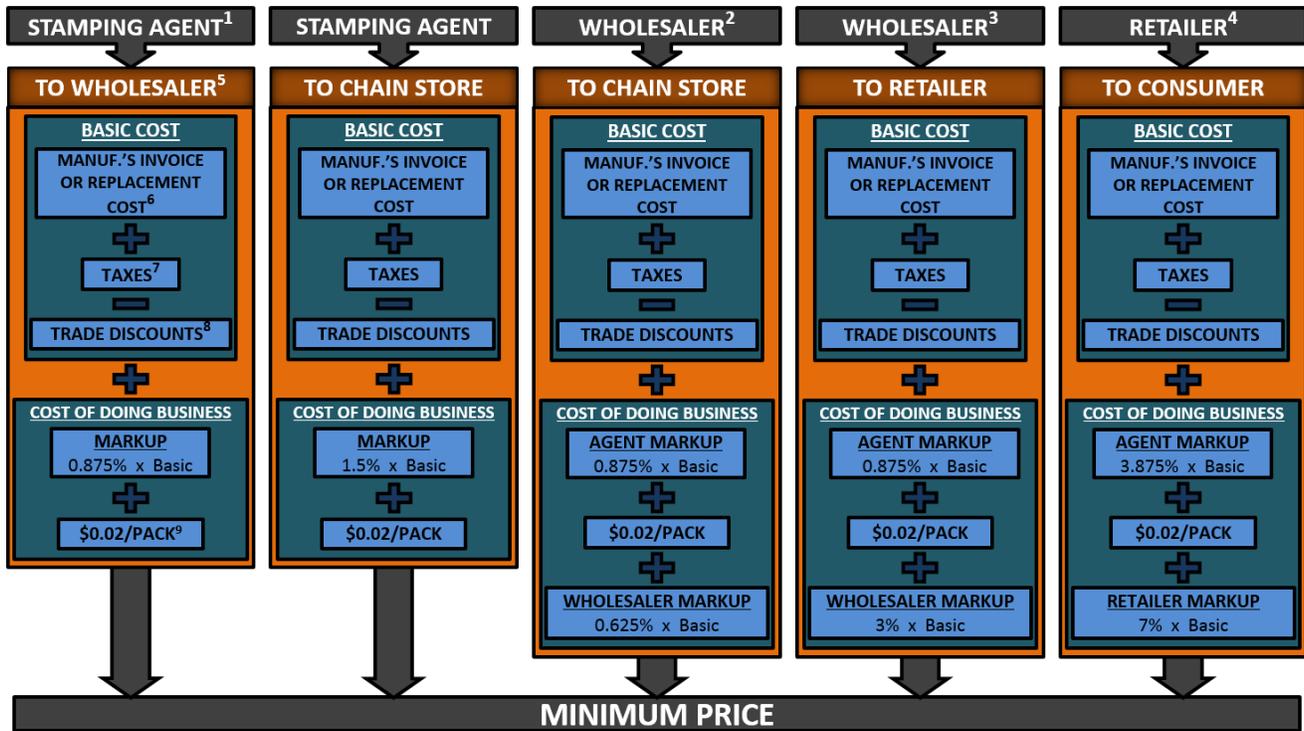
New York



Minimum Markup Minimum Pricing

Yes Blank No -- Not Applicable/Addressed

Cigarette Pricing – 2015



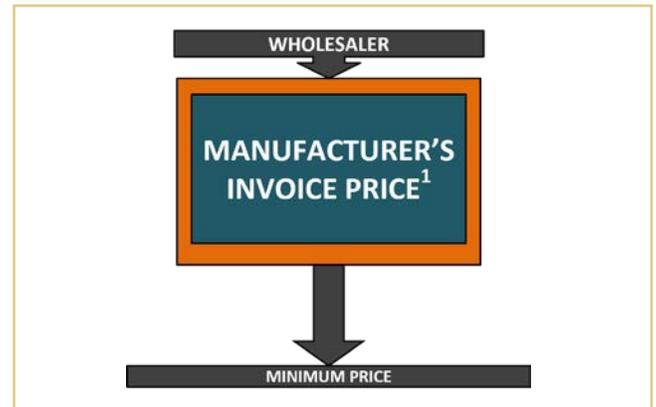
OTP Pricing – 2015

State OTP pricing scheme matches Cigarette Pricing? Yes No

Types of OTP Regulated

Tobacco Products	<input checked="" type="checkbox"/>	Moist Snuff	<input checked="" type="checkbox"/>
Cigars	<input checked="" type="checkbox"/>	Dry Snuff	<input checked="" type="checkbox"/>
Little Cigars	<input checked="" type="checkbox"/>	Snus/Smokeless	<input type="checkbox"/>
Pipe Tobacco	<input type="checkbox"/>	Bidis	<input type="checkbox"/>
Chewing Tobacco	<input checked="" type="checkbox"/>	Other	<input checked="" type="checkbox"/>
Total Products		7	

OTP Pricing Scheme



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:
Below Average

Total Decrease Factors (State):	2
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
New York	0.875%	3%	7%	10.875%	--
Nat'l Average Markup of States Where Distribution Level Regulated	1.15% (N=3)	3.67% (N=26)	8.02% (N=24)	12.84%	↓ Below Average
Nat'l Average Markup of All Markup States (N=27)	0.13%	3.53%	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

New York- Cigarette

1. Where stamping agents sell to other stamping agents, there is no markup added to the minimum price of cigarettes. N.Y. Comp. Codes R. & Regs. tit. 20, § 82.2; N.Y. Tax Law § 485(d).
2. The minimum price that a wholesaler can sell to a chain store is equivalent to the price of an agent when selling directly to a chain store. N.Y. Tax Law § 483(b)(1)(B).
3. The wholesaler's minimum price to a retailer (3.875%) is equivalent to a stamping agent's minimum price to a retailer (3.875%). N.Y. Tax Law § 483(b)(1-2).
4. Where a wholesaler sells directly to a consumer, the minimum price is the same as if a retailer sells to a consumer. 20 NYCRR §82.3(b)(1)(ii).
5. The minimum price that a wholesaler can sell to another wholesaler is the same as the minimum price that a stamping agent can sell to wholesaler. N.Y. Tax Law § 485(c). In many states, there is no required wholesaler-to-wholesaler markup.
6. While many states define basic cost to include the invoice or replacement cost to a respective party, New York defines "basic cost" to include the invoice cost of the product to agent when purchasing from the manufacturer (or the "manufacturer's invoice/replacement cost"), rather than the invoice cost to each respective party. As such, every party's "basic cost" is the same, regardless of whom they are purchasing from. Additionally, New York's pricing scheme centers around stamping agent, and his or her cost. N.Y. Tax Law § 483. As such, the agent's "cost of doing business" is included at every level of pricing, even where an agent isn't directly involved.
7. The statute uses the phrase "full face value of any stamps which may be required by law," which we have interpreted to mean any applicable Federal, state, and local taxes that are not otherwise included in the invoice cost. N.Y. Tax Law § 483(a)(1).
8. Trade discounts are exclusive of any discounts for cash payment. N.Y. Tax Law § 483(a)(1).
9. As part of the agent's "cost of doing business," New York applies a monetary charge of "one cent per package of ten cigarettes, two cents per package of twenty cigarettes and in the case of a package containing more than twenty cigarettes, two cents and one-half of a cent for each five cigarettes in excess of twenty cigarettes." We have illustrated the minimum price using the standard package of 20 cigarettes. N.Y. Tax Law § 483(b)(1)(B).

New York- OTP

1. Any Federal excise taxes paid by the manufacturer are included in the wholesale price, as they are part of the manufacturer's invoice price. 20 NYCRR 89.2(b)(1).