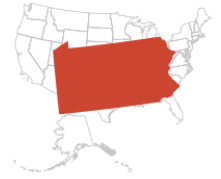


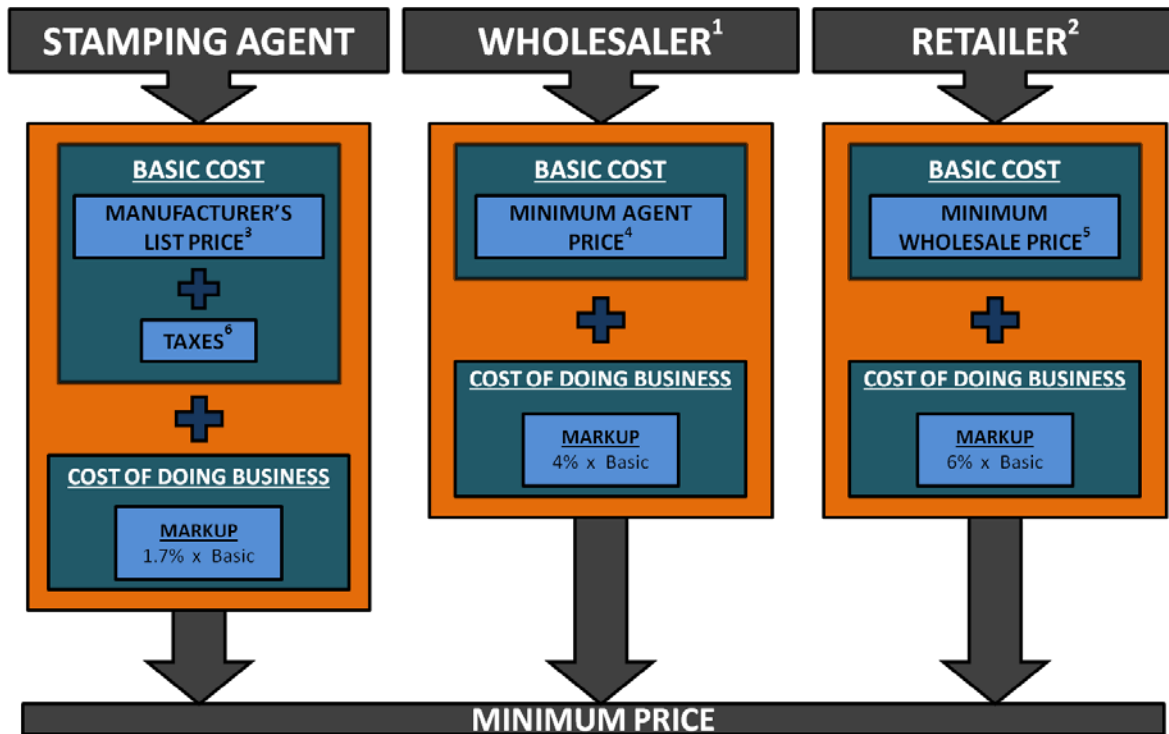
# Pennsylvania



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		Moist Snuff	
Cigars		Dry Snuff	
Little Cigars	✓	Snus/Smokeless	
Pipe Tobacco		Bidis	
Chewing Tobacco		Other	
<b>Total Products</b>			<b>1</b>

## 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>4</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>Pennsylvania</b>	1.7%	4%	6%	<b>11.7%</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>	↓ <i>Below Average</i>
<b>Nat'l Average Markup of All Markup States (N=27)</b>	0.13%	3.53%	7.13%	<b>10.79%</b>	↑ <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	

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## Footnotes

### Pennsylvania- Cigarette

1. When a wholesaler sells to another wholesaler, the minimum price is the basic cost of cigarettes (no wholesaler markup is added). However, when the purchasing wholesaler subsequently sells to a retailer, normal wholesaler markups apply. 72 Pa. Cons. Stat. § 219-A.
2. Where a stamping agent sells directly to the consumer (acts as a retailer), then the agent must calculate the minimum sales price as a normal retailer would, applying all standard markups, including agent (1.7%), wholesaler (4%), and retailer (6%). 72 Pa. Cons. Stat. § 202-A.
3. “Manufacturer's list price” means the gross price of the cigarettes from the manufacturer, and includes any Federal tax, and freight or handling charges, if not already included. 72 P.S. § 202-A
4. Wholesalers, when calculating their minimum price, must include the cost to the stamping agent. Therefore, the invoice or replacement cost to the wholesaler is the minimum price of the stamping agent (and inherently includes the agent markup). 72 P.S. § 202-A; Pennsylvania Department of Revenue FAQ, Jan 2, 2004. ([https://revenue-pa.custhelp.com/app/answers/detail/a\\_id/1326/~/%2Fwhat-is-the-minimum-price-that-can-be-charged-for-cigarettes%3F](https://revenue-pa.custhelp.com/app/answers/detail/a_id/1326/~/%2Fwhat-is-the-minimum-price-that-can-be-charged-for-cigarettes%3F)).
5. Retailers, when calculating their minimum price, must include the cost to the stamping agent and wholesaler. 61 Pa. Code § 76.1. Therefore, the invoice or replacement cost to the retailer is the minimum price of the wholesaler (and inherently includes both markups). 72 P.S. § 202-A; Pennsylvania Department of Revenue FAQ, Jan 2, 2004. ([https://revenue-pa.custhelp.com/app/answers/detail/a\\_id/1326/~/%2Fwhat-is-the-minimum-price-that-can-be-charged-for-cigarettes%3F](https://revenue-pa.custhelp.com/app/answers/detail/a_id/1326/~/%2Fwhat-is-the-minimum-price-that-can-be-charged-for-cigarettes%3F)).
6. 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 excise taxes. These are only added to the manufacturer’s list price if the list price does not already include them. 72 Pa. Cons. Stat. § 202-A.