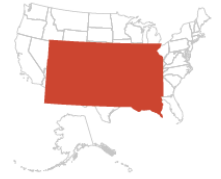


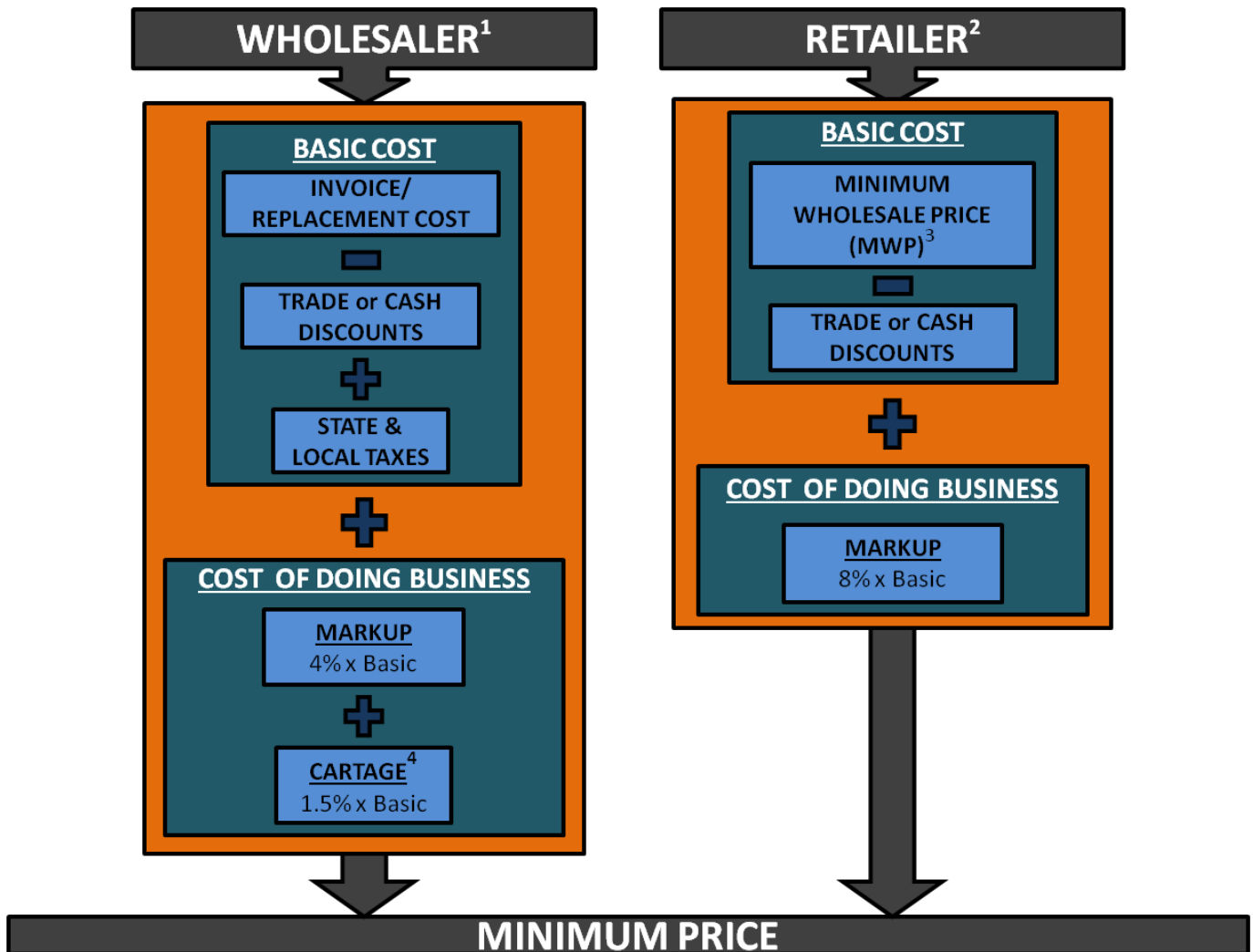
South Dakota



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**

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):	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
South Dakota		4%	8%	12%	--
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

South Dakota- 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.” S.D. Codified Laws § 37-10-4.
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. S.D. Codified Laws § 37-10-7. 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 statute uses the term “invoice cost, or the replacement cost, of the merchandise 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, while the applicable taxes are paid for at the wholesale level, and therefore built into the wholesaler’s minimum price/invoice cost to the retailer, where taxes have not already been included for any reason, they are to be included as part of the retailer’s basic cost. S.D. Codified Laws § 37-10-1.
4. Cartage is **only** to be included if it is, “...performed or paid for by the wholesaler.” S.D. Codified Laws § 37-10-10.