

TOBACCO PRICE FAIR TRADE

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WHAT IS FAIR TRADE?

- > minimum price laws were intended to protect tobacco retailers from predatory business practices and to promote fair trade
- > minimum price laws were designed to ensure fair competition among tobacco retailers
- > minimum price laws have been recognized as a strategy to counteract the effects of tobacco manufacturers' discounting practices

IMPORTANT: 25 states plus the District of Columbia – have minimum price laws for cigarettes. At present, no U.S. state sets statutory minimum prices for other tobacco products, and no local government has attempted to regulate cigarette or tobacco product pricing through a local minimum price ordinance.

THREE POLICIES ON PRICING OF TOBACCO:

1. **Minimum Markup Laws** - require distributing parties to apply a **markup percentage**, meant to represent a presumed cost of doing business, to the base cost of the product
2. **Minimum Pricing Laws** - do not require distributing parties to apply a markup percentage to the base cost of the product. Instead, a **pricing floor** is generally set by looking to the purchase price or “cost” of the product. Much like minimum markup laws, pricing laws can apply to several levels of the distribution chain.
3. **Unfair Trade Laws** - applied to products by the state courts, or Attorney General. These laws can be either a pricing or markup law, and therefore may also address the **use of trade discounts, cartage, or taxes** in the calculation of a distributor’s ultimate sales price.

STATES WITH MINIMUM MARK UP POLICY

| STATE | CIGARETTE | OTP | E-CIGARETTE |
|------------------|-----------|-------|-------------|
| ALASKA | ✓ | X | X |
| ARKANSAS | ✓ | X | X |
| CALIFORNIA | ✓ | X | X |
| CONNECTICUT | ✓ | X | X |
| DELAWARE | ✓ | X | X |
| DIS. OF COLUMBIA | ✓ | X | X |
| HAWAII | ✓ | X | X |
| INDIANA | ✓ | X | X |
| IOWA | ✓ | X | X |
| LOUISIANA | ✓ | X | X |
| MASSACHUSETTS | ✓ | cigar | X |
| MAINE | ✓ | X | X |
| MARYLAND | ✓ | X | X |
| MINNESOTA | ✓ | X | X |

| STATE | CIGARETTE | OTP | E-CIGARETTE |
|---------------|-----------|-----|-------------|
| MISSISSIPPI | ✓ | X | X |
| MONTANA | ✓ | X | X |
| NEBRASKA | ✓ | X | X |
| NEW JERSEY | ✓ | X | X |
| NEW YORK | ✓ | ✓ | X |
| OHIO | ✓ | X | X |
| OKLAHOMA | ✓ | ✓ | ✓ |
| PENNSYLVANIA | ✓ | ✓ | X |
| RHODE ISLAND | ✓ | ✓ | X |
| SOUTH DAKOTA | ✓ | X | X |
| TENNESSEE | ✓ | X | X |
| WEST VIRGINIA | ✓ | X | X |
| WISCONSIN | ✓ | ✓ | X |

*OTP = Other tobacco products

STATES WITH MINIMUM PRICING POLICY

| STATE | CIGARETTE | OTP | E-CIGARETTE |
|------------|-----------|-----|-------------|
| COLORADO | ✓ | ✓ | X |
| IDAHO | ✓ | ✓ | X |
| NEVADA | ✓ | X | X |
| WASHINGTON | ✓ | X | X |

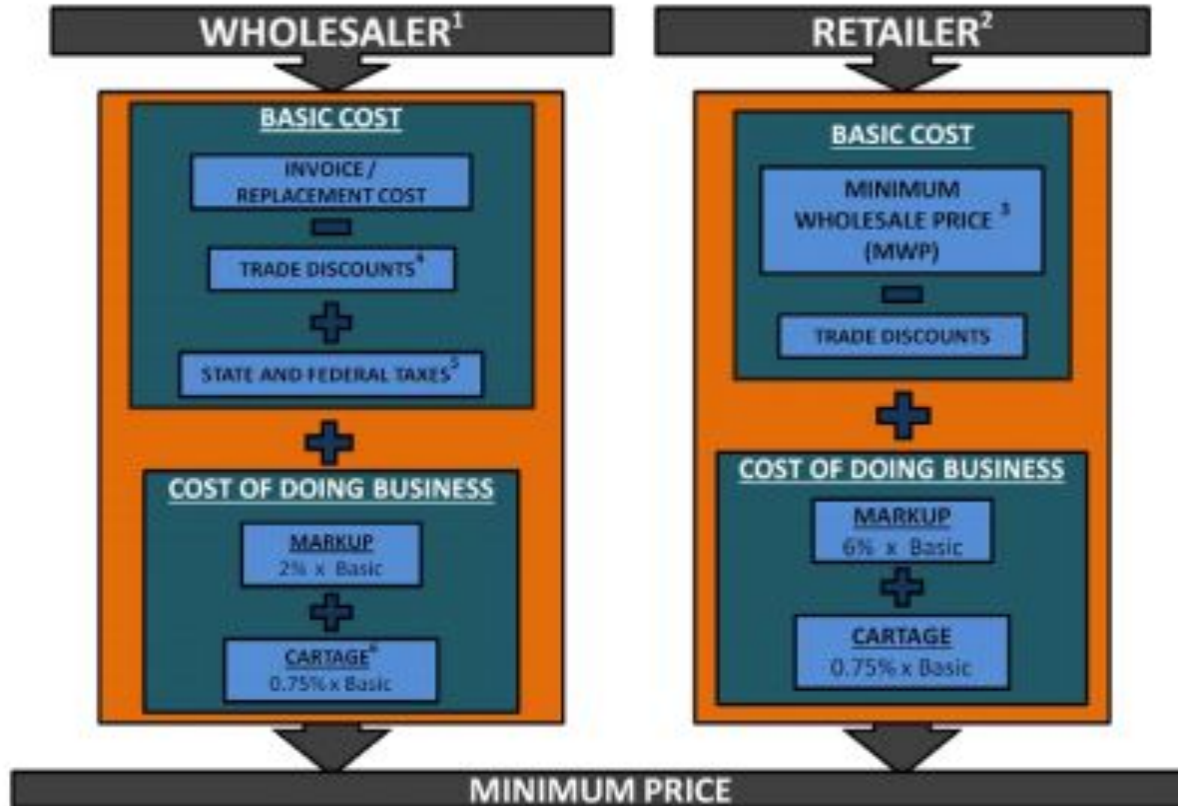
*OTP = Other tobacco products

STATE WITH PRICE REGULATION ON E-CIGARETTES

> Oklahoma

* ALL OTHER STATES have price regulation on cigarettes and other tobacco products, but not e-cigarettes/vape.

OKLAHOMA



> this pricing is same for tobacco products, cigars, pipe tobacco, chewing tobacco, and e-cigarettes

HOW WILL THE FAIR TRADE AFFECT BIDI VAPOR?

Out of all states, we only have to look for **OKLAHOMA** as this is the only state that has price regulation on e-cigarettes. The computation for this can be found on the previous slide.

All other states only have price regulation on cigarettes and other tobacco products (OTP).

RESOURCES:

https://tobacconomics.org/wp-content/uploads/2016/12/tobacconomics_mpl_chart_book_FINAL-VERSION.pdf

<https://publichealthlawcenter.org/sites/default/files/resources/tclc-guide-cigminimumpricelaws-2011.pdf>

<https://publichealthlawcenter.org/resources/us-e-cigarette-regulations-50-state-review/al>