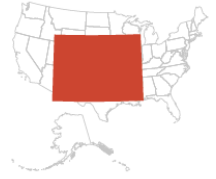


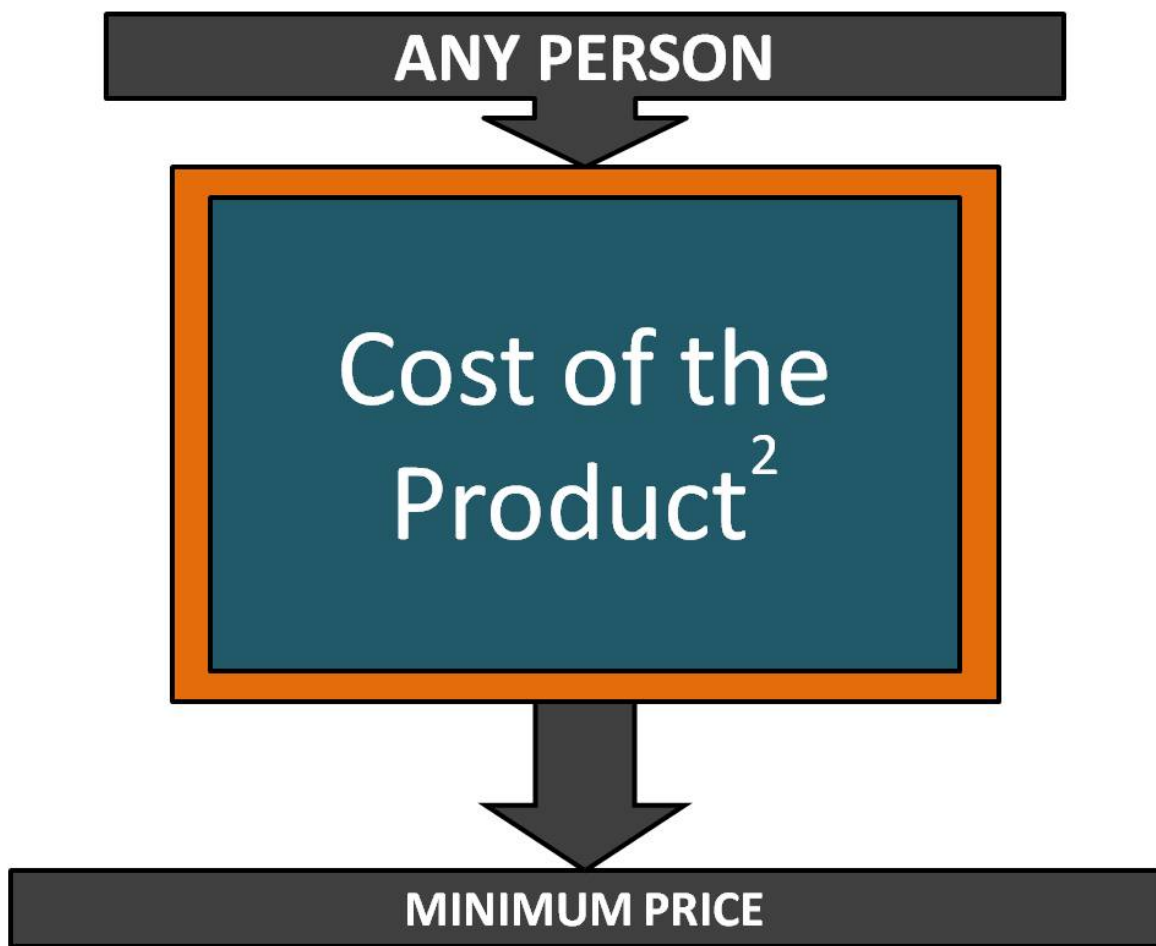
Colorado



Minimum Markup Minimum Pricing

✓ Yes Blank No -- Not Applicable/Addressed

Cigarette Pricing¹ – 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: **Below Average**

Total Decrease Factors (State):	3
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):	1
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
Colorado	--	--	--	--	--
Nat'l Average Markup of States Where Distribution Level Regulated	1.15% (N=3)	3.668% (N=26)	8.021% (N=24)	12.839%	--
Nat'l Average Markup of All Markup States (N=27)	0.128%	3.532%	7.13%	10.79%	--

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

Colorado- Cigarette

1. Colorado is a Minimum Pricing state, however it does not have a tobacco or cigarette-specific minimum pricing law. Instead, it utilizes its Unfair Practices Act. The Supreme Court of Colorado applied a previous version of Colorado's Unfair Practices Act to cigarette sales in 1940, however the laws did not then, nor currently, specifically mention cigarettes or tobacco. *Dikeou v. Food Distribs. Ass'n*, 107 Colo. 38 (1940). Colorado courts have not applied or interpreted the Act since amendments were made in 1993, 2007, and 2008.
2. Colorado's Unfair Practices Act does not provide much guidance as to what constitutes "cost." It is currently defined as "an appropriate determination of cost," which must be "consistent with federal court interpretations of cost in federal predatory pricing cases under the federal 'Sherman Act', 15 USC § 1 et seq." Colo. Rev. Stat. Ann. § 6-2-105. Previously, "cost" was defined more specifically, but was amended in 2008 to a more ambiguous definition.