



## How to Read the State Profile Pages

1) **[Method of pricing]**

This indicates which type of pricing formula a state uses to establish minimum cigarette prices.

2) **[Figure 1: Cigarette PATH Chart]**

This chart illustrates the cigarette pricing formulas for each distributing party regulated by a given state, including which pricing elements are applied, and in what order. Detailed, annotated notes for each chart can be found [here](#).

3) **[OTP Pricing]**

The presence of this section indicates that a state regulates the minimum price of OTP.

4) **[OTP Pricing Scheme Matches?]**

This box indicates whether a state regulates OTP using the same pricing scheme as is used for cigarette price regulation.

5) **[Table 1: OTP Types Regulated]**

This table indicates which OTP are regulated by a state's minimum pricing laws. The column is checked where a state applies its pricing formula to the listed product.

6) **[Figure 2: OTP PATH Chart]**

This chart only appears where the pricing scheme for OTP is different than the formula used for cigarettes. It illustrates the OTP pricing formulas for each distributing party regulated by a given state, including which pricing elements are applied, and in what order. Detailed, annotated notes for each chart can be found [here](#).

7) **[Formulating Price]**

This section illustrates which components are found in a state's pricing formula, and indicates the presence of factors that tend to increase or decrease the ultimate consumer price of cigarettes.

8) **[Number of Factors Decreasing Price]**

This section shows where a state falls in relation to the average number of decrease factors across all MPL states. The column indicates national average, and state total.

9) **[Number of factors that increase price]**

This section shows where a state falls in relation to the average number of increase factors across all MPL states. The column indicates national average, and state total.



10) [Table 2 – Decrease Factors]

This column is checked if the listed decrease factor is found in a state’s pricing formula.

11) [Table 3 – Increase Factors]

This column is checked if the listed increase factor is found in a state’s pricing formula.

12) [Table 4: Markup Rates Across Standard Distribution Chain]

This table shows the state’s markup rates for the three vendors a cigarette most likely travels through in its movement through a standard distribution chain. These are simply percentages, and do not indicate the base price to which they are applied. The total standard markup is a basic sum of all applicable markups, and does not reflect compounding effects, nor the base costs to which these percentages are applied. The national average is the average for that given party among states that regulate that particular party.

**7 Formulating Price**

State Pricing Regulation Strength Factors that Decrease versus Increase Statutory Price

Pricing Formula Elements That DECREASE PRICE	8 Factors (Below Average)	Pricing Formula Elements That INCREASE PRICE	9 Factors (Above Average)
State Total # of Decrease Factors	3	State Total # of Increase Factors	2
National Average # of Decrease Factors	5	National Average # of Increase Factors	3
Below-Cost Combination Sales	10	2: 2 Parties Regulated	11
Below-Cost Combination Sale Restrictions		Markup Applied	
Below-Cost Coupons		Taxes	
Trade Discounts	✓	Cartage	
Trade Discounts Include Discount Programs		Other Fees	
Competitor Price-Matching	✓		
Price-Matching Restrictions	✓		

**12 Markup Rates Across Standard Distribution Chain**

	Stamping Agent	Wholesaler/Distributor	Retailer/Dealer	Total Standard Markup	13 State vs. Nat'l Total Markups
West Virginia		4%	7%	11%	—
14 Average Markup of States Where Distribution Level Regulated (N=1)	1.15%	3.66% (N=26)	8.02% (N=24)	12.83%	↓ Below Average
15 Average Markup of All Markup States (N=27)	0.128%	3.532%	7.43%	10.79%	↑ Above Average

**16 Types of Combination Sales Permitted**

Types of Combination Sales Permitted	16
Buy-One-Get-One or Multi-Pack	
Tobacco Product + Coupon	✓
Tobacco Product + Non-Tobacco Product	—

**17 Who May Distribute Coupons to Consumers?**

Who May Distribute Coupons to Consumers?	17
Manufacturer	✓
Wholesaler/Distributor	
Retailer/Dealer	
Distributing Party Not Addressed	

13) [Markup Above/Below Average]

This indicates whether a state’s total standard markup is above, below, or equal to the applicable national total standard markup average. States without applicable or comparable markups are marked with “—.”

14) [National Average Markup of States Where Distribution Level Regulated]

This row indicates the averages for each portion of a standard distribution chain. Averages are calculated using only those states who apply a markup to that particular distributing party (sample size is indicated for each distribution level). The Total Standard Markup for that row is the sum of those averages.

15) [National Average Markup of All Markup States (N=27)]

This row indicates the averages for each portion of a standard distribution chain. Averages are calculated across all states that apply any markup to any distributing party. The Total Standard Markup for that row is the sum of those averages (and the average of all total markups across all markup states).

16) [Types of Combination Sales]

If this column is checked, the state allows a particular combination sale type.

17) [Who May Distribute Coupons?]

If this column if checked, the listed party can distribute coupons to consumers.