

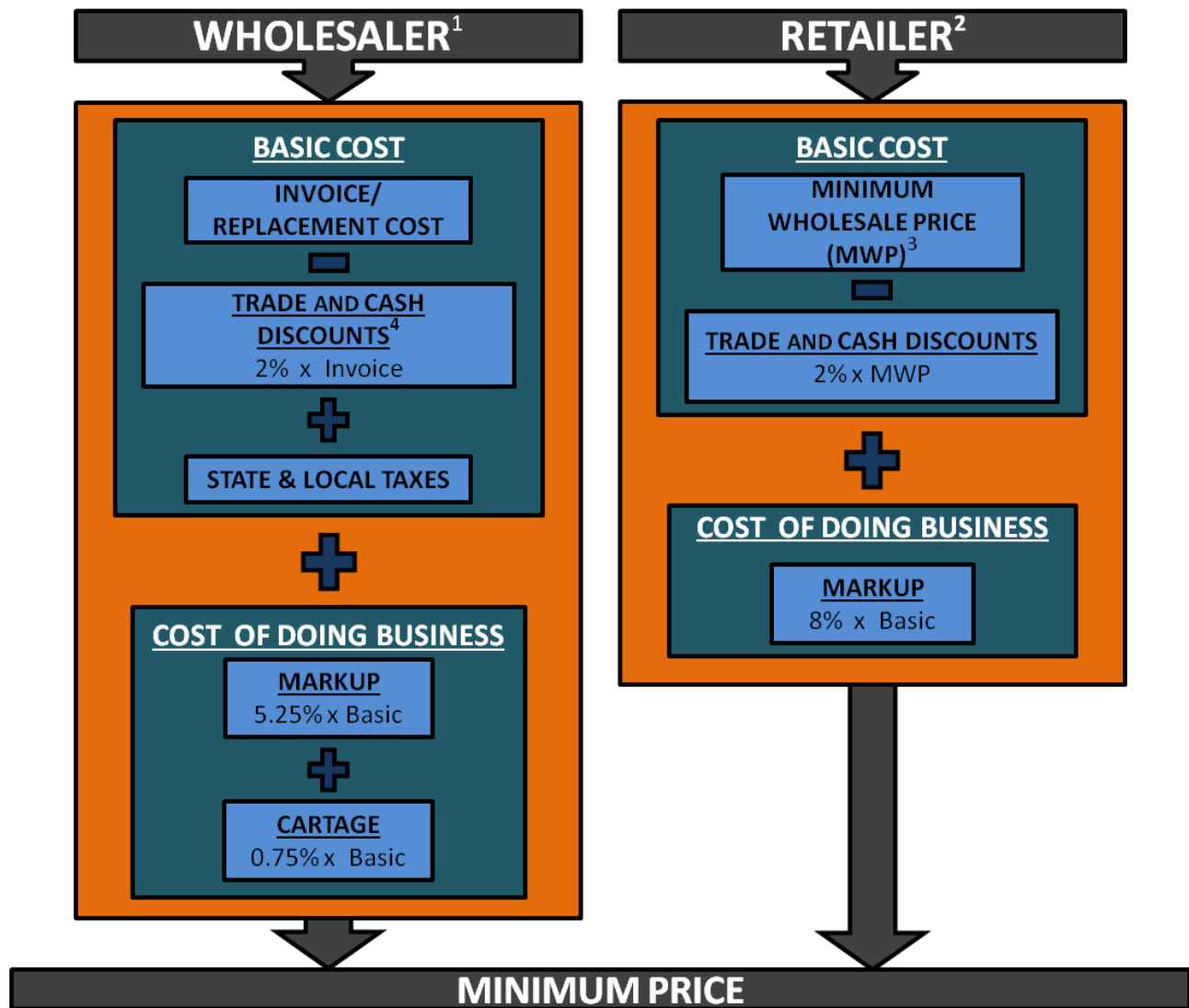
# New Jersey



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**

<b>Total Decrease Factors (State):</b>	<b>2</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
New Jersey		5.25%	8%	<b>13.25%</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>	↑ Above Average
<b>Nat'l Average Markup of All Markup States (N=27)</b>	0.13%	3.53%	7.13%	<b>10.79%</b>	↑ Above Average

## 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

### New Jersey- 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.” N.J. Stat. ann. § 56: 7-24.
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. N.J. Stat. ann. § 56: 7-21. 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 provides that the basic cost to the retailer includes the invoice cost of cigarettes to the retailer, which, in practical terms, is the minimum price the products can be purchased from the wholesaler (“minimum wholesale price” or “MWP”). N.J. Stat. ann. § 56: 7-21.
4. Trade discounts exclude special, extraordinary, or anticipatory discounts. The presumptive amount for trade normal cash discounts is 2% of the invoice cost or replacement cost of cigarettes. N.J. Admin. Code § 18:6-1.1.