

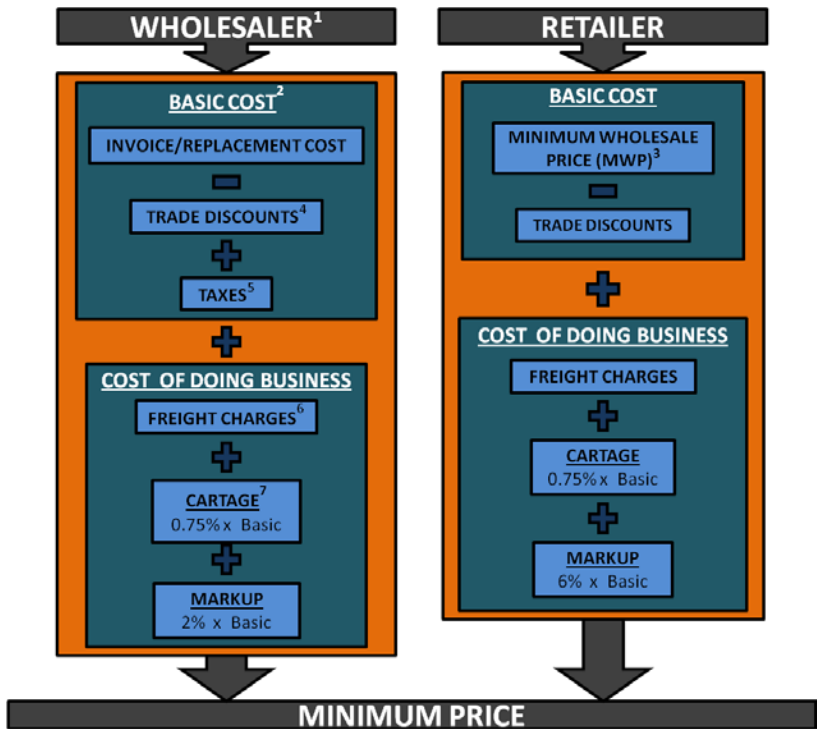
Rhode Island



Minimum Markup Minimum Pricing

Yes Blank No -- Not Applicable/Addressed

Cigarette Pricing – 2015



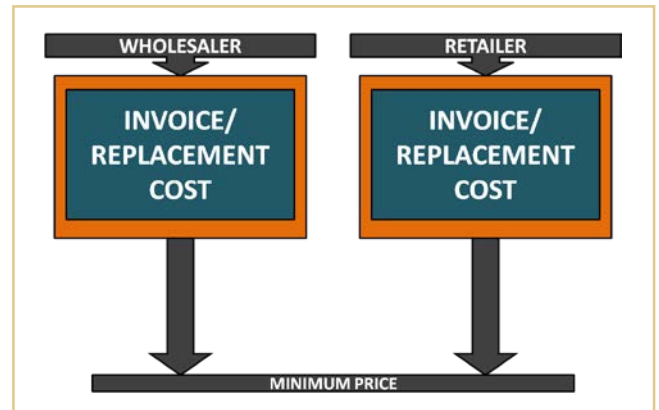
OTP Pricing – 2015

State OTP pricing scheme matches Cigarette Pricing? Yes No

Types of OTP Regulated

Tobacco Products	<input checked="" type="checkbox"/>	Moist Snuff	<input checked="" type="checkbox"/>
Cigars	<input checked="" type="checkbox"/>	Dry Snuff	<input checked="" type="checkbox"/>
Little Cigars	<input type="checkbox"/>	Snus/Smokeless	<input type="checkbox"/>
Pipe Tobacco	<input type="checkbox"/>	Bidis	<input type="checkbox"/>
Chewing Tobacco	<input checked="" type="checkbox"/>	Other	<input type="checkbox"/>
Total Products			5

OTP Pricing Scheme



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):	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):	5
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
Rhode Island		2%	6%	8%	--
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>Below 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

Rhode Island- Cigarette

1. Where wholesalers sell to other wholesalers, the seller is not required to apply the minimum markup. However, any subsequent sale by the purchasing wholesaler to a retailer must abide by the state's minimum pricing laws. R.I. Code R. § 46-050-008. Wholesalers that make sales at the retail level is required to sell cigarettes at the retail minimum cost. CRIR 46-050-008.
2. Rhode Island uses the term "base cost," but for consistency, we've applied the term "basic cost." CRIR 46-050-008.
3. A retailer's basic cost is calculated using the "invoice cost, or the replacement cost, of the merchandise to the retailer." R.I. Code R. § 46-050-008. In practical terms, this is the minimum price the products can be purchased from the wholesaler ("minimum wholesale price" or "MWP").
4. Trade discounts do not include the customary discounts for cash payments. R.I. Code R. § 46-050-008.
5. The basic cost determination includes the inclusion of the cigarette excise tax imposed by Rhode Island's Cigarette Taxation laws, R.I. Gen. Laws § 44-20-1 et al.
6. Freight charges are added where not already included in the invoice cost. R.I. Code R. § 46-050-008.
7. Cartage is only added as part of the cost of doing business if it is performed or paid for by that party. R.I. Code R. § 46-050-008.