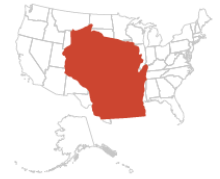


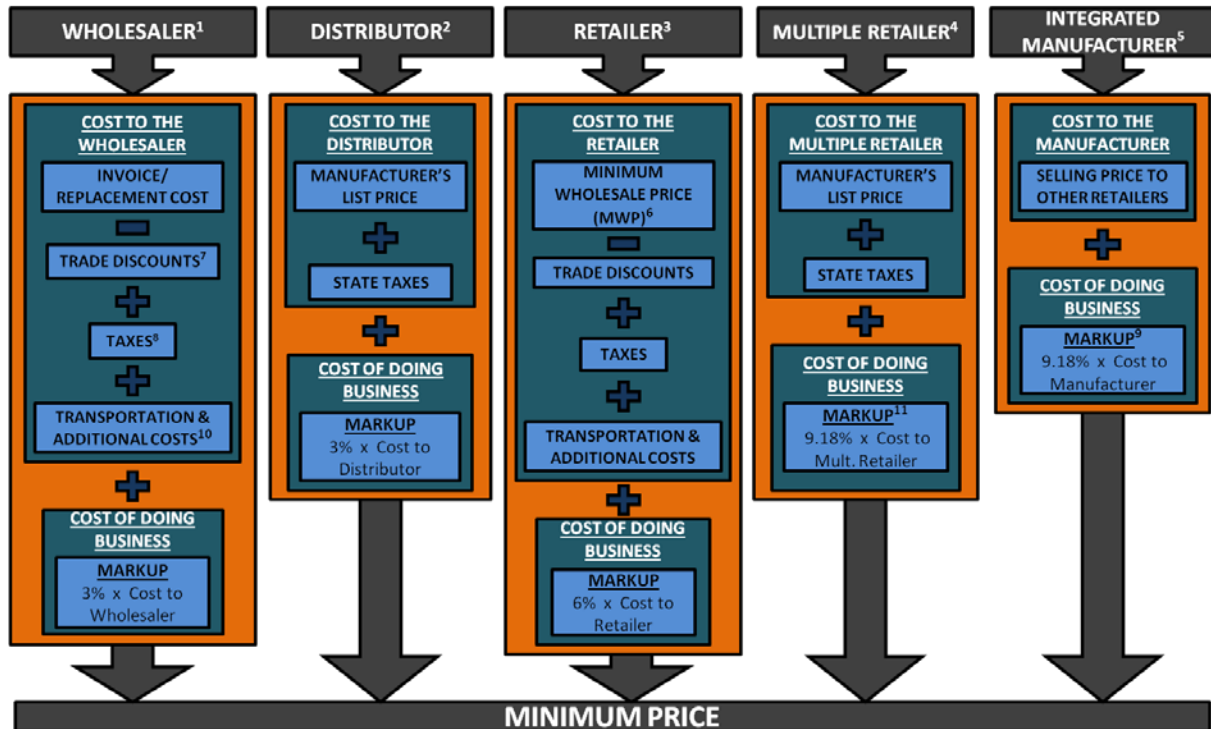
# Wisconsin



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		Snus/Smokeless	
Pipe Tobacco	<input checked="" type="checkbox"/>	Bidis	
Chewing Tobacco	<input checked="" type="checkbox"/>	Other	<input checked="" type="checkbox"/>
<b>Total Products</b>			<b>7</b>

## Formulating Price

### State Pricing Regulation Strength: Factors that Decrease versus Increase Statutory Price\*

Pricing Formula Elements That **DECREASE PRICE**



Number of factors decreasing price: Above Average

Pricing Formula Elements That **INCREASE PRICE**



Number of factors increasing price: Above Average

<b>Total Decrease Factors (State):</b>	<b>5</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
<b>Wisconsin</b>		3%	6%	<b>9%</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>	↓ Below Average
<b>Nat'l Average Markup of All Markup States (N=27)</b>	0.13%	3.53%	7.13%	<b>10.79%</b>	↓ Below 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

### Wisconsin- Cigarette

1. No cost of doing business is added when determining the minimum price “for sales at wholesale between wholesalers.” Wis. Stat. §100.30.
2. The statute provides that distributors are not allowed to factor in any discounts when calculating “cost to the distributor.” Where distributors sell to wholesalers, the seller is not required to add the “cost of doing business” when determining minimum sales price. Wis. Stat. §100.30; Wis. Adm. Code ATCP §105.02
3. Where retailer receives discounts typically only given to wholesalers, the statute provides that, “...cost to the retailer and cost to wholesaler...shall both be applied, including the markup requirements.” Wis. Adm. Code ATCP §105.003 We’ve interpreted this to mean a retailer is, in essence, acting as both wholesaler and retailer, and must apply both markups accordingly.
4. Wisconsin defines a “multiple retailer” as “any person who acquires stamped cigarettes from manufacturers or permittees, stores them and sells them to consumers through 10 or more retail outlets which he or she owns and operates within or without this state.”
5. Wisconsin distinguishes between a traditional (or “non-manufacturing/producing”) retailer, and a “manufacturer or producer of cigarettes and other tobacco products... who acts as both a wholesaler and a retailer.” We have categorized the latter parties as “integrated manufacturers.” (See also: Maine)
6. A retailer’s basic cost is calculated using the invoice or the replacement cost of the cigarettes to the retailer. Wis. Stat. § 100.30. In practical terms, this is the minimum price the products can be purchased from the wholesaler (“minimum wholesale price” or “MWP”).
7. Trade discounts exclude customary discounts for cash. Wis. Stat. §100.30.
8. Wisconsin requires that “any excise taxes imposed on the sale...prior to the sale at retail,” be added to the cost, where they have not already been included in the invoice cost. We have interpreted this to mean all Federal, State, and Local excise taxes required by law. Wis. Stat. §100.30.
9. In determining the minimum sales price, an integrated manufacturer must compound the markup percentages when determining the “cost of doing business.” Here, the markup percentages to be applied are the 3% of wholesalers, and the 6% of retailers, totaling 9.18%. Wis. Adm. Code ATCP 105.005.
10. Wholesalers and retailers must include “any cost incurred for transportation and any other charges not otherwise included” in their respective cost determinations. Wis. Stat. §100.30.
11. In determining the minimum sales price, a multiple retailer must compound the markup percentages when determining the “cost of doing business.” Here, the markup percentages to be applied are the 3% of wholesalers, and the 6% of retailers, totaling 9.18%. Wis. Adm. Code ATCP 105.004.