

ALASKA STATE LEGISLATURE

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SENATOR LESIL MCGUIRE

SUMMARY OF CHANGES CS FOR SB 117 – VERSION S

(1) Section 6 (a)

Changed the multiplier used to calculate the Wholesale Minimum Price from 1.045 to 1.02.

(2) Section 6 (b)

Changed the multiplier used to calculate the minimum price for which a retailer or wholesaler may advertise, offer to sell, or sell cigarettes at retail from 1.06 to 1.04.

Reasons:

The CS represents a compromise among interested parties with respect to the specific minimum price formula. While it still eliminates the exception to price below minimum, it reflects a slightly lower minimum wholesale and retail price than the original Senate Bill 117.

This change allows the State to firmly establish a minimum wholesale price; prohibits any exceptions; and sets the figure at a price that is consistent with fair competitive market principles. Compared to historical exemptions granted, it will raise the minimum price slightly to a figure that allows market competition, and still maintains the policy of setting a minimum price.