

## New Law

# Minimum Prices for Tobacco Products and Non-Tobacco Shisha

## General Information

In August 2017, New York City (NYC) enacted Local Law 145, which requires minimum prices and a tax for tobacco products and non-tobacco shisha. This guide explains the purpose of this law and offers guidance on how to comply with the minimum price requirements. Rules are being developed for the portion of the law that imposes a tax on tobacco products other than cigarettes (other tobacco products or OTP); additional guidance will be released once these rules are finalized.

### **What products does this law apply to?**

This law establishes minimum prices for cigars (including cigarillos), little cigars, smokeless tobacco (including chewing tobacco, snuff and dissolvable tobacco products), loose tobacco (including pipe tobacco and roll-your-own tobacco), snus, and shisha (both tobacco and non-tobacco). This law does not apply to e-cigarettes and other vaping products.

As a reminder, effective June 1, 2018, this law also increased the minimum price of cigarettes to \$13.00 per pack.

For more information, visit [www1.nyc.gov/assets/doh/downloads/pdf/smoke/cig-min-price.pdf](http://www1.nyc.gov/assets/doh/downloads/pdf/smoke/cig-min-price.pdf).

### **Why is increasing the price of tobacco products important?**

Tobacco use is a leading cause of premature, preventable death in NYC. All tobacco products — including cigars, smokeless tobacco, tobacco-containing shisha, and other tobacco products — are inherently dangerous and contain nicotine, which is addictive. Despite the City's progress in reducing cigarette smoking among youth and adults, an increasing percentage of youth are using other tobacco products. Increasing the price of tobacco products through taxes has been shown to decrease tobacco use among youth and adults by discouraging people who do not smoke from starting and encouraging people who smoke to quit or cut back. Similarly, increased minimum prices for tobacco products can also decrease tobacco consumption.



## **How to Comply**

### **What does this law require?**

The law requires licensed tobacco retailers to sell tobacco products for no less than the minimum price for each category and package size (see tables).

For initial information on the OTP tax, visit [www1.nyc.gov/assets/finance/downloads/pdf/fm/2018/fm-18-5.pdf](http://www1.nyc.gov/assets/finance/downloads/pdf/fm/2018/fm-18-5.pdf).

### **Which businesses does this law apply to?**

The minimum price portion of this law applies to all businesses in NYC.

## **Effective Dates and Enforcement**

### **When does this law go into effect?**

This law went into effect Oct. 11, 2018.

### **How will the law be enforced?**

- The minimum price is enforced at the retail level.
- The New York City Department of Consumer Affairs (DCA) will enforce the minimum price portion of this law as a part of their regular inspections of tobacco retailers.
- If a business sells or offers to sell tobacco products for less than the required minimum price, DCA will fine the business \$1,000 for the first violation on the day of inspection, \$2,000 for a second violation and \$5,000 for a third violation within five years.
- A violation can lead to the suspension or loss of a tobacco retail dealer license.

Visit [www1.nyc.gov/site/dca/businesses/inspection-checklists.page](http://www1.nyc.gov/site/dca/businesses/inspection-checklists.page) to ensure you are in compliance with the law.

Under the law, OTP require an additional tax not indicated in the following tables. Additional guidance will be released once rules about applying this tax are finalized.



## **Minimum Prices**

The table below summarizes how to calculate minimum prices. The remaining tables in this section provide sample calculations for some ranges of common pack or package sizes. Minimum prices for package sizes not listed should be calculated using the table below.

<b>Tobacco Product</b>	<b>Pack Size (number or ounces)</b>	<b>Minimum Price (excluding OTP tax and sales tax)</b>
Little cigar	20 (minimum pack size)	\$10.95 per pack
Cigar (or cigarillo)	Individual cigar	\$8.00
	Pack of cigars	\$8.00 + (\$1.75 x number of cigars - 1)
Smokeless tobacco	1.2 ounces (minimum size)	\$8.00
	More than 1.2 ounces	\$8.00 + (\$2.00 x each additional 0.3 ounces or any fraction thereof*)
Snus	0.32 ounces (minimum size)	\$8.00
	More than 0.32 ounces	\$8.00 + (\$2.00 x each additional 0.08 ounces or any fraction thereof*)
Shisha (both tobacco and non-tobacco)	3.5 ounces (minimum size)	\$17.00
	More than 3.5 ounces	\$17.00 + (\$3.40 x each additional 0.7 ounces or any fraction thereof*)
Loose tobacco	1.5 ounces (minimum size)	\$2.55
	More than 1.5 ounces	\$2.55 + (\$0.51 x each additional 0.3 ounces or any fraction thereof*)

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\*Fraction thereof means any additional fraction of ounces between 0 and 0.3 ounces for smokeless or loose tobacco, between 0 and 0.08 ounces for snus, or between 0 and 0.7 ounces for shisha. For example, the minimum price for any package size of smokeless tobacco that is between 1.2 oz. and 1.5 oz. would be \$10.00. (See below tables for additional examples across all categories of products.)



## Little Cigars

The table below shows the minimum price for a pack of little cigars.

Little Cigar Pack Size	Minimum Price (excluding OTP tax and sales tax)
20-pack	\$10.95

## Cigars

The table below shows the minimum prices for some cigar pack sizes.

Cigar Pack Size	Minimum Price (excluding OTP tax and sales tax)
Single cigar	\$8.00
Two-pack	\$9.75
Three-pack	\$11.50
Four-pack	\$13.25
Five-pack	\$15.00
Eight-pack	\$20.25
10-pack	\$23.75
20-pack	\$41.25

## Smokeless Tobacco

The table below shows the minimum prices for some smokeless tobacco package sizes.

Smokeless Tobacco Package Size	Minimum Price (excluding OTP tax and sales tax)
1.2 ounces (minimum size)	\$8.00
More than 1.2 ounces, up to 1.5 ounces	\$10.00
More than 1.5 ounces, up to 1.8 ounces	\$12.00
More than 1.8 ounces, up to 2.1 ounces	\$14.00
More than 2.1 ounces, up to 2.4 ounces	\$16.00
More than 2.4 ounces, up to 2.7 ounces	\$18.00
More than 2.7 ounces, up to 3.0 ounces	\$20.00



## Snus

The table below shows the minimum prices for some snus package sizes.

<b>Snus Package Size</b>	<b>Minimum Price (excluding OTP tax and sales tax)</b>
0.32 ounces (minimum size)	\$8.00
More than 0.32 ounces, up to 0.40 ounces	\$10.00
More than 0.40 ounces, up to 0.48 ounces	\$12.00
More than 0.48 ounces, up to 0.56 ounces	\$14.00
More than 0.56 ounces, up to 0.64 ounces	\$16.00

## Shisha (Both Tobacco and Non-Tobacco)

The table below shows the minimum prices for some shisha package sizes.

<b>Shisha Package Size</b>	<b>Minimum Price (excluding OTP tax and sales tax)</b>
3.5 ounces (minimum size)	\$17.00
More than 3.5 ounces, up to 4.2 ounces	\$20.40
More than 4.2 ounces, up to 4.9 ounces	\$23.80
More than 4.9 ounces, up to 5.6 ounces	\$27.20
More than 5.6 ounces, up to 6.3 ounces	\$30.60
More than 6.3 ounces, up to 7.0 ounces	\$34.00
More than 7.0 ounces, up to 7.7 ounces	\$37.40
More than 7.7 ounces, up to 8.4 ounces	\$40.80
More than 8.4 ounces, up to 9.1 ounces	\$44.20
More than 34.3 ounces, up to 35 ounces	\$170.00



## Loose Tobacco

The below table shows the minimum prices for some loose tobacco package sizes.

<b>Loose Tobacco Package Size</b>	<b>Minimum Price (excluding OTP tax and sales tax)</b>
1.5 ounces (minimum size)	\$2.55
More than 1.5 ounces, up to 1.8 ounces	\$3.06
More than 1.8 ounces, up to 2.1 ounces	\$3.57
More than 2.1 ounces, up to 2.4 ounces	\$4.08
More than 2.4 ounces, up to 2.7 ounces	\$4.59
More than 2.7 ounces, up to 3.0 ounces	\$5.10
More than 3.0 ounces, up to 3.3 ounces	\$5.61
More than 3.3 ounces, up to 3.6 ounces	\$6.12
More than 3.6 ounces, up to 3.9 ounces	\$6.63
More than 3.9 ounces, up to 4.2 ounces	\$7.14
More than 4.2 ounces, up to 4.5 ounces	\$7.65
More than 4.5 ounces, up to 4.8 ounces	\$8.16
More than 4.8 ounces, up to 5.1 ounces	\$8.67
More than 5.1 ounces, up to 5.4 ounces	\$9.18
More than 5.4 ounces, up to 5.7 ounces	\$9.69
More than 5.7 ounces, up to 6.0 ounces	\$10.20
More than 6.0 ounces, up to 6.3 ounces	\$10.71
More than 6.3 ounces, up to 6.6 ounces	\$11.22
More than 6.6 ounces, up to 6.9 ounces	\$11.73
More than 6.9 ounces, up to 7.2 ounces	\$12.24
More than 7.2 ounces, up to 7.5 ounces	\$12.75
More than 7.5 ounces, up to 7.8 ounces	\$13.26
More than 7.8 ounces, up to 8.1 ounces	\$13.77
More than 8.1 ounces, up to 8.4 ounces	\$14.28
More than 8.4 ounces, up to 8.7 ounces	\$14.79
More than 8.7 ounces, up to 9.0 ounces	\$15.30
More than 9.0 ounces, up to 9.3 ounces	\$15.81
More than 9.3 ounces, up to 9.6 ounces	\$16.32
More than 9.6 ounces, up to 9.9 ounces	\$16.83
More than 9.9 ounces, up to 10.2 ounces	\$17.34