

<p>STATE OF CALIFORNIA TOBACCO PRODUCTS RATE CALCULATION July 1, 2007 to June 30, 2008</p>
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Type:	Manufacturer's List Cigarette Prices	Price*
Standard		\$ 143.20
King Size		\$ 143.20
Filter Tips		\$ 143.20
100 mm		\$ 143.20

* USDA Tobacco Situation and Outlook report at <http://www.ers.usda.gov/Briefing/Tobacco/tables.htm>

Wholesale Cost Per Cigarette	
Computation:	
1. Avg. Mfg. Price Per 1,000 Cigarettes	\$ 143.20
2. Add: Wholesale Markup @ 6% (line 1 x 0.06)	<u>\$ 8.59</u>
3. Avg. Wholesale Price (line 1 + line 2)	<u>\$ 151.79</u>
4. Avg. Wholesale Price (line 3 / 1,000)	<u><u>\$ 0.1518</u></u>

Rate Calculation

c = Tax rate per cigarette \$0.0685
(includes (i) the tax rate per cigarette of \$0.0435,
plus (ii) the Prop. 10 increase per cigarette of \$0.025 effective
7/1/99)

w = Weighted average wholesale cost of one cigarette \$0.1518

x = Tax rate on tobacco products

$$\frac{c}{w} = x \quad \text{or} \quad \$0.0685 / \$0.1518 = \mathbf{45.13\%}$$