

DISTILLED SPIRITS PRICING MARKUP FORMULA

The OLCC sells distilled spirits to generate revenue for the state to fund schools, alcohol prevention and treatment programs as well as other public safety initiatives. This document outlines how the Commission determines the price of distilled spirits.

HOW OLCC DETERMINES THE "MARKUP FORMULA"

The OLCC determines the price for each distilled spirits product based on a standard quote form, which is the delivered price to the Commission's warehouse including taxes, freight and duties.

The OLCC calculates the retail price of distilled spirits, known as the "markup formula" by using the total invoice cost per case on the standard quote form submitted by the supplier. The markup formulas below apply to Regular, Limited, Trial, One-Time Buy, Seasonal, Vendor Allocated, or Holiday products and depends on the cost per case. Separate examples explain the special order handling fee.

FORMULA 1: LESS THAN \$78.06 PER CASE AT COST

- **Total Invoice** (case cost) **multiplied by 2.131**
- Add **outbound freight** charge of \$1.40 per case
 - If "SPECIAL ORDER" item add special handling fee of \$12.15
- **Divide case sell price** by bottles per case and **round up to the next nickel**. (i.e. \$13.44 rounds to \$13.45)
- Add \$.50 **surcharge**

Bottles Per Case Example	12
Case Cost Example:	\$ 75.00
Total Invoice (Case Cost)	\$ 75.00
Multiply by markup of 2.131	\$ 159.83
Outbound freight add-on (\$1.40)	\$ 161.23
Divide per case (by bottles)	\$ 13.44
Rounded up bottle price	\$ 13.45
Add \$0.50 surcharge	\$ 13.95
Retail Shelf Price per bottle	\$ 13.95

With Special Order Status	
Total Invoice (Case Cost)	\$ 75.00
Multiply by markup of 2.131	\$ 159.83
Outbound freight add-on (\$1.40)	\$ 161.23
Special Order Handling Fee (\$12.15)	\$ 173.38
Divide by bottles per case	\$ 14.45
Rounded bottle price	\$ 14.45
Add \$0.50 surcharge	\$ 14.95
Retail Shelf Price per bottle	\$ 14.95

FORMULA 2: GREATER THAN \$78.06 PER CASE AT COST

- **Total invoice** (case cost) **plus \$14.45 multiplied by 1.798**
- Add **outbound freight** charge of \$1.40 per case.
 - If "SPECIAL ORDER" item add special handling fee of \$12.15
- **Divide case sell price** by bottles per case and **round up to next nickel**. (i.e. \$14.27 rounds to \$14.30)
- Add \$.50 **surcharge**

Bottles Per Case Example	12
Case Cost Example:	\$ 80.00
Total Invoice (Case cost)	\$ 80.00
Case add-on amount (\$14.45)	\$ 94.45
Multiply by markup of 1.798	\$ 169.82
Outbound freight add-on (\$1.40)	\$ 171.22
Divide by bottles per case	\$ 14.27
Rounded bottle price	\$ 14.30
Add \$0.50 surcharge	\$ 14.80
Retail Shelf Price per bottle	\$ 14.80

With Special Order Status	
Total Invoice (Case cost)	\$ 80.00
Case add-on amount (\$14.45)	\$ 94.45
Multiply by markup of 1.798	\$ 169.82
Outbound freight add-on (\$1.40)	\$ 171.22
Special Order Handling Fee (\$12.15)	\$ 183.37
Divide by bottles per case	\$ 15.28
Rounded bottle price	\$ 15.30
Add \$0.50 surcharge	\$ 15.80
Retail Shelf Price per bottle	\$ 15.80