

STATE OF ARIZONA
TOBACCO PRODUCT MANUFACTURER
CERTIFICATION PURSUANT TO A.R.S. § 44-7101

GENERAL INFORMATION

What is the definition of Tobacco Product Manufacturer?

“Tobacco Product Manufacturer”, as defined in A.R.S. § 44-7101(2)(i), means:

an entity that . . . directly (and not exclusively through any affiliate):

- (1) manufactures cigarettes [includes “roll-your-own” tobacco] anywhere that such manufacturer intends to be sold in the United States, including cigarettes that are intended to be sold in the United States through an importer . . .
- (2) is the first purchaser anywhere for resale in the United States of cigarettes manufactured anywhere that the manufacturer does not intend to be sold in the United States; or
- (3) becomes a successor of an entity described [above].

Who is required to file this Certification of Compliance?

Any Tobacco Product Manufacturer which: (i) sells cigarettes within the state of Arizona (whether directly or through any distributor, retailer, or similar intermediary); and (ii) has not become a participating manufacturer in the tobacco Master Settlement Agreement executed on November 23, 1998 (“MSA”). *If the Tobacco Product Manufacturer satisfies these requirements, it must file this Certification, certifying the Tobacco Product Manufacturer’s: (i) “Units Sold” in the state of Arizona during the applicable calendar year (including each brand family of cigarettes included in this figure); and (ii) deposit of the requisite amount of monies into its “Qualified Escrow Fund” for the benefit of the State of Arizona.*

What is a Nonparticipating Manufacturer?

A Nonparticipating Manufacturer is any Tobacco Product Manufacturer who has not signed onto the MSA.

What is a Qualified Escrow Fund?

A Nonparticipating Manufacturer that is required to file this Certification must establish a Qualified Escrow Fund. See A.R.S. § 44-7101(2)(f). This means an escrow arrangement with a U.S. federal or U.S. state-chartered financial institution having no affiliation with any Tobacco Product Manufacturer and having assets of at least \$1,000,000,000, where such arrangement: (i) requires that the financial institution hold the escrowed funds' principal for the benefit of the State of Arizona; and (ii) prohibits the Nonparticipating Manufacturer from using, accessing, or directing the use of the funds' principal except as consistent with A.R.S. § 44-7101(3)(b)(2).

When is this Certification of Compliance due?

This Certification is to be filed on or before April 15 of the year following the sales year. See A.R.S. § 44-7101(3)(b)(1). *For 2000, the sales year for “Cigarettes” sold in Arizona is April, 2000 BDecember 31, 2000. After 2000, the sales year is a calendar year, from January 1 through December 31.*

When must a Tobacco Product Manufacturer make its escrow deposit?

A Tobacco Product Manufacturer must deposit all escrow deposits into its Qualified Escrow Fund on or before April 15 of the year following the sales year. After the Tobacco Product Manufacturer has made its full deposit, it must forward this signed and notarized Certification and attach: (i) proof of deposit from the financial institution identified in Part 5; and (ii) a copy of the escrow agreement as executed along with any amendments, unless this has already been provided.

SPECIFIC INSTRUCTIONS

Part 1: Tobacco Product Manufacturer Identification. Identify the Tobacco Product Manufacturer’s name, physical address, mailing address, telephone and fax numbers, Email address, website address, and name/title of the person completing the Certification.

Part 2: Sales Year. List the sales year for the Units Sold in question. If the Tobacco Product Manufacturer is required to make quarterly deposits, the Tobacco Product Manufacturer must complete a separate Certification for each quarter and identify both the quarter and sales year in its response to Part 2 of the Certification.

Part 3: Units Sold. List the Tobacco Product Manufacturer’s total Units Sold in Arizona during the sales year listed in Part 2. See A.R.S. § 44-7101(2)(j) (definition of “Units Sold”). Next, list each brand family(ies) of cigarettes included in this total figure.

Part 4: Escrow Rates and Deposits. Multiply the Units Sold by the appropriate escrow rate for the sales year identified in Part 2 and write the result as the subtotal. Next, calculate the appropriate inflation adjustment according to Exhibit C of the MSA and enter the amount. Add the subtotal and the inflation adjustment amount to arrive at the total amount to be deposited into the Tobacco Product Manufacturer’s Qualified Escrow Fund for the benefit of the State of Arizona.

Part 5: Financial Institution. Identify: (i) the name, mailing address, and telephone number of the financial institution where the Tobacco Product Manufacturer has established a Qualified Escrow Fund pursuant to A.R.S. § 44-7101(3)(b); and (ii) the escrow account number as well as the account number for the Arizona sub-account. Also, provide the total cumulative amount currently deposited in this escrow account for the benefit of the State of Arizona.

Part 6: Execution by Authorized Designee. The Designee executing this Certification must be an employee of the Tobacco Product Manufacturer identified in Part 1, and authorized to execute the Certification on the manufacturer’s behalf. The Designee’s name and title must be printed, and the Certification executed, in the presence of an authorized notary.

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Part 1: Tobacco Product Manufacturer Identification

Tobacco Product Manufacturer: _____

Physical Address (no post office box): _____

Mailing Address: _____

Phone: _____ Fax: _____

Email: _____ Website Address: _____

Name/Title of Person Completing Certification: _____

Part 2: Sales Year

The year of sales for this Certification of Compliance is: _____

(NOTE: The Tobacco Product Manufacturer must complete a separate Certification for each year of sales. If the Tobacco Product Manufacturer is required to make quarterly deposits, the Tobacco Product Manufacturer must complete a separate Certification for each quarter and identify both the quarter and sales year in its response to Part 2 of this Certification.)

Part 3: Units Sold

Total number of Units Sold (includes "roll-your-own" tobacco), for the Tobacco Product Manufacturer identified in Part 1 of this Certification during the sales year listed in Part 2 is (please provide "roll-your-own" figures in both ounces and individual cigarettes):

The Units Sold figure provided in Part 3 of this Certification includes the Brand Family(ies) listed in the table below:

Brand Family		

Part 4: Escrow Rates and Deposits

The following is a list of the sales years and their corresponding escrow deposit rates:

2000 - The rate per Unit Sold is:	0.0104712
2001 - 2002 - The rate per Unit Sold is:	0.0136125
2003 - 2006 - The rate per Unit Sold is:	0.0167539
2007 and thereafter - The rate per Unit Sold is:	0.0188482

The appropriate deposit subtotal is: \$ _____
(To calculate, multiply the Units Sold listed in Part 3 by the appropriate rate listed in Part 4.)

The appropriate inflation adjustment amount is \$ _____
(To calculate, multiply the deposit subtotal above by the appropriate inflation adjustment percentage rate provided below.)

Please refer generally to Exhibit C of the MSA for calculation of the cumulative adjustment for inflation applicable to each year's escrow deposit.

- *For deposits due by April 15, 2010, multiply the deposit subtotal by 41.31818% (.4131818) and enter the result.*
- *For deposits due by April 15, 2011, multiply the deposit subtotal by 45.55773% (.4555773) and enter the result.*

The total amount that has been deposited into the Qualified Escrow Fund by the Tobacco Product Manufacturer for the sales year identified in Part 2 is: \$ _____
(To calculate, add the deposit subtotal and the inflation adjustment amount).

Part 5: Financial Institution

Name of Financial Institution: _____

Mailing Address: _____

Telephone Number: _____

Escrow Account No: _____

Arizona Sub-Account No: _____

Total Amount Held for the State of Arizona for all years: _____

NOTE: Please attach: (i) proof of deposit from the financial institution identified in Part 5; and (ii) a copy of the escrow agreement as executed along with any amendments, unless this has already been provided.

Part 6: Execution by Authorized Designee

Under penalty of perjury, I state that: (i) I have read the instructions included as part of this Certification; (ii) the information contained in this Certification, which includes all Exhibits and other attachments, is true and accurate; and (iii) I am an employee of the Tobacco Product Manufacturer identified in Part 1 and am authorized to execute this Certification on behalf of that Tobacco Product Manufacturer.

Designee (Print Name): _____ Title: _____

Signature of Designee: _____ Date: _____

Subscribed and sworn to before me on this date: _____

Signature of Notary Public: _____

City or County of: _____

My Commission expires: _____

Mail this Certification of Compliance to:

Office of the Attorney General
Tobacco Enforcement Unit
1275 W. Washington
Phoenix, Arizona 85007-2926