

**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 meets these criteria, 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).

### **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. (Note: the Tobacco Product Manufacturer must also 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. Next, list each brand family(ies) of cigarettes included in this total figure. (**Note: the definition of "units sold" has changed, effective July 24, 2014. Please see A.R.S. § 44-7101(2)(k) (definition of "Units Sold") and [www.azag.gov](http://www.azag.gov) for more information.**)

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. The Tobacco Product Manufacturer must also 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**

**(The definition of “units sold” has changed, effective July 24, 2014. Please see A.R.S. § 44-7101(2)(k) (definition of “Units Sold”) and [www.azag.gov](http://www.azag.gov) for more information.)**

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 must be separated below by licensed distributor (or non-licensed entity from whom you purchased the product), brand family, and corresponding units sold:

Arizona Licensed Distributor (or name of a non-distributor)	Brand Family (one brand family per line)	Units Sold
<b>Chart continued from page 1</b>		

Arizona Licensed Distributor	Brand Family	Units Sold

**Part 4: Escrow Rates and Deposits**

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 above-referenced rate per Unit sold.)*

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, 2019, multiply the deposit subtotal by 84.38819% (.8438819) and enter the result.*
- *For deposits due by April 15, 2020, multiply the deposit subtotal by 89.91984% (.8991984) 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  
2005 N. Central Ave.  
Phoenix, AZ 85004-2926