

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 (1) requires that the financial institution hold the escrowed funds' principal for the benefit of the State of New Mexico and other "Releasing Parties" as defined in the Master Settlement Agreement and (2) prohibits the non-participating manufacturer from using, accessing, or directing the use of the funds' principal except as consistent with NMSA 1978, Section 6-4-13 (B).

When is this certificate of compliance due?

This certificate of compliance is to be filed quarterly, as follows:

- 1st Quarter (January through March) – due April 30 of that year
- 2nd Quarter (April through June) – due July 30 of that year
- 3rd Quarter (July through September) – due October 30 of that year
- 4th Quarter (October through December) – due January 31 of the next year following the sales year.

When must I make my escrow payment?

You must deposit all escrow payments into your qualified escrow fund quarterly by the due date of your certificate of compliance set forth in the paragraph above. 1st Quarter is due April 30, 2nd Quarter is due July 30, 3rd Quarter is due October 30 and 4th Quarter is due January 31 of the next year following the sales year. Attach a copy of your receipt or other proof of deposit from your financial institution to the signed and notarized Certificate of Compliance. In addition, after you have made your initial deposit into the qualified escrow fund, forward a copy of the escrow agreement as executed.

SPECIFIC INSTRUCTIONS:

Part 1: Manufacturer's Identification: Write your name, address, telephone and fax number.

Part 2: Sales Year 2021: Check the appropriate quarter. 1st Quarter is from January 1, 2021 to March 31, 2021; 2nd Quarter is from April 1, 2021 to June 30, 2021; 3rd Quarter is from July 1, 2021 to September 30, 2021; and 4th Quarter is from October 1, 2021 to December 31, 2021.

Part 3: Units Sold: Write the number of Units Sold in New Mexico for the quarter indicated. A Unit Sold equals an individual cigarette from a pack that bears a New Mexico state cigarette excise tax stamp or .09 ounces of roll-your-own tobacco.

Part 4: Deposit Amount: Multiply the Units Sold by the adjusted inflation rate of \$0.0379765 to arrive at the total deposit to be paid into your qualified escrow account for the applicable sales year. Attach a copy of the financial institution's receipt or other proof from the Escrow Agent of the escrow deposit.

Part 5: Financial Institution Write the name and address of the financial institution holding your escrow account. Include your escrow account number. Also, write the total cumulative amount currently in your escrow account.

Part 6: Signature An authorized notary public must also sign and date this certificate of compliance.



New Mexico Office of the Attorney General

**QUARTERLY Certificate of Compliance by Non-Participating
Manufacturer Regarding Escrow Payment**

Part 1: Manufacturer's Identification:

Name: _____
Address: _____
Phone: _____

Part 2: Sales Year 2021 (check one):

The Quarter being reported for this Certificate of Compliance is:

- 1st Quarter:
- 2nd Quarter:
- 3rd Quarter:
- 4th Quarter:

Part 3: Units Sold:

Indicate the number of Units Sold (an individual cigarette from a pack that bears a New Mexico state cigarette excise tax stamp or .09 ounces of roll-your-own tobacco equals one Unit Sold) for the 2021 quarter indicated in Part 2:

Units Sold: _____

Part 4: Quarterly Escrow Payment Amount:

Calculate the appropriate quarterly escrow deposit amount. Multiply the number of Units Sold by \$0.0379765 and write that amount here:

Escrow Deposit Amount: _____

Attach a copy of the financial institution's receipt or other proof from the Escrow Agent of the escrow deposit.

NMSA § 6-4-13(A)(2) requires payments to be "adjusted for inflation." NMSA § 6-4-12(A) defines "adjusted for inflation" as "increased in accordance with the formula for inflation adjustment set forth in Exhibit C to the Master Settlement Agreement." Each year this figure increases 3% or the actual inflation rate, whichever is greater. Because the actual inflation rate cannot be determined until the end of 2021, tobacco product manufacturers required to make quarterly escrow payments will be required, in their quarterly escrow payments, to deposit an amount that has been cumulatively adjusted for inflation by 3%. When the adjusted for inflation rate for 2021 has been determined, manufacturers will be advised and then have until April 15, 2022 to deposit any additional money, if necessary, to satisfy the actual adjusted for inflation amount under the Act. The 2021 cumulative adjusted for inflation rate, increased by 3%, is 101.48596%. Multiplying the base escrow deposit amount of \$0.0188482 by the cumulative adjusted for inflation rate of 101.48596% equals the cumulative inflation adjustment amount of \$0.0191283. Adding the base escrow deposit amount \$0.0188482 to the cumulative inflation adjustment amount \$0.0191283 equals \$0.0379765.

Part 5: Financial Institution:

Name of Institution: _____
Address: _____
Escrow Fund Acct. No.: _____
Escrow Fund New Mexico Subaccount No.: _____
Total Amount Held: _____

Part 6: Signature

Under penalty of perjury, I state that, to the best of my knowledge, all of the information contained in this Certificate of compliance is true and accurate.

This certificate of compliance must also be signed and dated by an authorized notary public.

Name of Authorized Agent: _____ Title: _____

Signature of Authorized Agent: _____ Date: _____

Subscribed and sworn to before me on this date: _____

Signature of Notary Public: _____

City or County of: _____

My Commission expires: _____

Mail this certificate of compliance to:

New Mexico Office of the Attorney General
Litigation Division – Tobacco Bureau
P.O. Drawer 1508
Santa Fe, NM 87504-1508
Fax: 505-490-4881

Street Address for overnight or hand delivery:
New Mexico Office of the Attorney General
Litigation Division – Tobacco Bureau
408 Galisteo
Santa Fe, NM 87504