



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

**GENERAL INFORMATION**

**What is the definition of a tobacco product manufacturer?**

- Any entity that manufactures cigarettes, including roll-your-own (“RYO”), 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;
- The first purchaser anywhere for resale in the United States of cigarettes manufactured anywhere that such manufacturer does not intend to be sold in the United States; or
- A successor of any entity described above.

**Who is required to file this certificate of compliance?**

Any tobacco product manufacturer which:

- 1) sells cigarettes within the state of Kansas (whether directly or through any distributor, retailer, or similar intermediary) and
- 2) has not become a participating manufacturer in the tobacco Master Settlement Agreement (“MSA”) executed on 11/23/1998.

*If you satisfy these requirements, you must file this certificate of compliance to report the units of cigarettes manufactured by you and sold in the state of Kansas and pay the amount calculated into your qualified escrow fund. K.S.A. 50-6a03; K.S.A. 50-6a04.*

**What is a non-participating manufacturer?**

A non-participating manufacturer is any tobacco product manufacturer who has not signed onto the MSA.

**What is a qualified escrow fund?**

A non-participating manufacturer that is required to file this certificate of compliance must establish a qualified escrow fund. 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 (1) requires that the financial institution hold the escrowed funds' principal for the benefit of the State of Kansas (and possibly other "Releasing Parties" as defined in the MSA) and (2) prohibits the non-participating manufacturer from using, accessing, or directing the use of the funds' principal except as consistent with K.S.A. 50-6a01 *et seq.*

## YEARLY ESCROW PAYERS

### **When is this certificate of compliance due?**

This certificate of compliance is to be filed on or before April 30th of the year immediately following the sales year. A sales year is a calendar year, from January 1 through December 31.

### **When must I make my escrow payment?**

You must deposit all escrow payments into your qualified escrow fund on or before April 15th of the year following the sales year. After you have made your deposit, forward a copy of your receipt or other proof of deposit from your financial institution to the Office of the Attorney General of the State of Kansas, along with this 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. Finally, forward any amendments to the escrow agreement.

## QUARTERLY ESCROW PAYERS

### **What are the deadlines for quarterly payments?**

This certificate of compliance is to be filed for each quarter of a sales year. The quarters are divided as follows:

- Quarter One: January 1 to March 31
- Quarter Two: April 1 to June 30
- Quarter Three: July 1 to September 31
- Quarter Four: October 1 to December 31

Payments for sales made during each quarter are due as follows:

- Quarter One: April 30 of the sales year
- Quarter Two: July 31 of the sales year
- Quarter Three: October 31 of the sales year
- Quarter Four: January 31 of the following year

This certificate of compliance and official notification of payment must be received by the Attorney General's Office as follows:

- Quarter One: May 15 of the sales year
- Quarter Two: August 15 of the sales year
- Quarter Three: November of the sales year
- Quarter Four: February of the following year

## SPECIFIC INSTRUCTIONS:

**Part 1:** Manufacturer's Identification. Write your name, address, telephone, fax number, e-mail, and website address.

**Part 2:** Sales Year. Write the sales year (and sales quarter, if applicable).

**Part 3:** Units Sold. Write the number of individual cigarettes and the amount of "roll-your own" tobacco (.09 ounces constitutes one cigarette) manufactured by you and sold during the sales year in Kansas.

**Part 4:** Escrow Rates and Payments. Multiply the units sold by the appropriate rate for the sales year and write the result as your subtotal. Calculate the appropriate inflation adjustment according to Exhibit C of the tobacco Master Settlement Agreement, and enter the amount. Add the subtotal and the inflation adjustment amount to arrive at the total deposit to be paid into your qualified escrow account for the applicable sales year.

**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 for the benefit of Kansas.

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



**State of Kansas**  
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**Regarding Escrow Payment**

**Part 1: Manufacturer's Identification**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ FAX: \_\_\_\_\_

E-mail: \_\_\_\_\_ Website: \_\_\_\_\_

**Part 2: Sales Year (and Quarter)**

The Year of Sales for this Certificate of Compliance is: *(Complete a separate certificate for each year of sales. If you are on quarterly payments, complete a separate certificate for each quarter of each year of sales).*

\_\_\_\_\_

**Part 3: Units Sold**

Number of individual cigarettes and roll-your-own ("RYO") tobacco, sold by the Manufacturer identified above during the sales year in Kansas is as follows: *(See instructions for details.)*

\_\_\_\_\_

**Part 4: Escrow Rates and Payments**

For the sales year: *(Use and adjust the rates listed below to figure the appropriate total deposit amount)*

1999- The rate per cigarette is .....0.0094241

2000 - The rate per cigarette is .....0.0104712

2001 - 2002 - The rate per cigarette is ..... 0.0136125

2003 - 2006 - The rate per cigarette is ..... 0.0167539

2007 and thereafter - The rate per cigarette is.....0.0188482

The appropriate deposit subtotal is \$ \_\_\_\_\_

*(Multiply units in Part 3 by the appropriate rate in Part 4)*

The appropriate inflation adjustment for the sales year is \$ \_\_\_\_\_

*(Please refer generally to Exhibit C of the tobacco Master Settlement Agreement for calculation of the cumulative adjustment for inflation applicable to each year's escrow payment).*

The total amount that has been paid into the Qualified Escrow Fund by the Manufacturer identified above for the sales year.

*(Add deposit subtotal and the inflation adjustment amount, plus any previous quarterly payments, if applicable).*

\$ \_\_\_\_\_

**An executed copy of the Manufacturer's escrow agreement must be provided upon initial certification. For all deposits, a copy of your receipt or other proof of deposit from your financial institution must be submitted. Upon any changes or amendments to the escrow agreement, an executed copy must be provided.**

**Part 5: Financial Institution**

Name of Institution: \_\_\_\_\_

Contact Name/Title: \_\_\_\_\_

Address: \_\_\_\_\_

Escrow Account No: \_\_\_\_\_

Total Amount Held for the State of Kansas: \_\_\_\_\_

**Part 6: Signature**

Under penalty of perjury, I state that the tobacco product manufacturer named in Part 1, as of the date of this certification, is a non-participating manufacturer in full compliance with all applicable sections of K.S.A. 50-6a01 *et. seq.* My position with the company is sufficient to bind the applicant company, and I have actual authority to certify on behalf of the applicant. I have examined this certification, including attachments and supporting documents and, to the best of my knowledge and belief, all of the information contained in this certificate of compliance is true, accurate, and complete. *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:**

**Office of the Attorney General  
Attn: Tobacco Enforcement  
120 S.W. 10<sup>th</sup> Street, 2<sup>nd</sup> Floor  
Topeka, KS 66612-1597**