



REVISED ESCROW NOTICE - SALES YEAR 2021

Be advised that additional deposits of escrow per unit sold in Montana for Sales Year 2021 are required.

Mont. Code Ann. 16-11-403 provides in relevant part:

(2) (a) place into a qualified escrow fund by April 15 of the year following the year in question the following amounts (as such amounts are adjusted for inflation) -- ...

for each of 2007 and each year thereafter: \$0.0188482 per unit sold.

Mont. Code 16-11-402(1) further defines "Adjusted for inflation" to mean, "increased in accordance with the formula for inflation adjustment set forth in Exhibit C to the Master Settlement Agreement."

A link to the Master Agreement can be found here <https://www.naag.org/our-work/naag-center-for-tobacco-and-public-health/the-master-settlement-agreement/>

The escrow rate per unit sold published for a given Sales Year is an estimate which is not finalized until after the end of the Sales Year – generally end of January following the Sales Year. The "adjustment for inflation" incorporates the Consumer Price Index (CPI) which is not published until after the conclusion of the Sales Year. The estimated escrow rate for Sales Year 2021 was \$.0379765/unit sold.

Due to inflation in Sales Year 2021 higher than anticipated, the final escrow rate per unit sold for Sales Year 2021 is higher than the estimated rate. Additional escrow deposit per unit sold must be made for units sold previously reported for 2021, even though deposits on those units sold were previously made quarterly in 2021 at the estimated rate.

Estimated escrow rate per unit sold Sales Year 2021 posted February 2021	\$0.0379765
<u>Final escrow rate per unit sold Sales Year 2021 posted January 2022</u>	<u>\$0.0394647</u>
Additional Escrow Due per unit sold previously deposited	\$0.0014882

The additional required escrow deposits are also due by April 15. A Revised Quarterly Certificate of Escrow Deposit is posted on the DOJ website <https://dojmt.gov/consumer/tobacco-sales-and-directory-tobacco-settlement/>
Please contact AGTobacco@mt.gov with any questions.

DEPARTMENT OF JUSTICE
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