

# Licensed Distributor Reporting Form for Tracking Non-Tax Paid Transfers of Non-Participating Manufacturer Cigarette Brands for Escrow Purposes

**Identifying Information**

**Due Date: 20th of Each Month**

Reporting Month and Year		Business Name		Business Address	
Colorado Account Number.	Contact Person	Telephone Number	FAX Number	Email Address (required)	

**NPM Non-Tax Paid Product Transferred Within or Exported from Colorado**—Provide the following information regarding:

- Cigarettes and roll-your-own tobacco (RYO) manufactured by a Non-Participating Manufacturer that was transferred to another distributor in Colorado
- Cigarettes and roll-your-own tobacco manufactured by a Non-Participating Manufacturer that was exported to a recipient outside of Colorado

A Brand Name	B Number of cigarettes (sticks) transferred within or exported from Colorado	C Number of ounces (oz.) of roll-your-own (RYO) transferred within or exported from Colorado	D Number of sticks converted from ounces of RYO (ounces ÷ .09)	E Non-participating manufacturer name and address	F Name and address from which each brand was purchased	G Check box that applies
						<input type="checkbox"/> transfer <input type="checkbox"/> export out of Colorado State _____
						<input type="checkbox"/> transfer <input type="checkbox"/> export out of Colorado State _____
						<input type="checkbox"/> transfer <input type="checkbox"/> export out of Colorado State _____

<b>I certify that the above-stated information is true and correct.</b>			
Signature	Date	Print Name and Title	Page ____ of ____

**Failure to file this report as required may result in the revocation of your cigarette and/or tobacco products license(s) for a period of two years. Distributor is responsible to notify the Department of any changes to address, telephone number, FAX number or E-mail address. Under Regulation 39-28-303(2)(c), an email address must be provided to the department for the purposes of the distributor receiving notice of any addition or removal from the Colorado Certified Brands Directory (CBD). Any subsequent change of the email address shall be submitted to the department by email or in writing within five (5) business days after the change of the email address. You can notify the department at the address or the fax number at the top of this form or at [dor\\_master\\_settlement@state.co.us](mailto:dor_master_settlement@state.co.us)**

## Licensed Distributor Reporting Form for Cigarette Sales of Non-Participating Manufacturer Brands—Definitions And Instructions

In 1998, forty-six states, the District of Columbia and five U.S. territories (the states) entered into a settlement agreement with the four largest tobacco companies in the United States. Under this agreement, called the Master Settlement Agreement (MSA), tobacco companies agreed to put restrictions on their marketing practices and to pay a projected \$206 billion over twenty-five years to the states to compensate the states for costs arising from the health problems caused by the use of cigarettes and other tobacco products.

More tobacco manufacturers have subsequently signed the MSA. All manufacturers who have signed the MSA are referred to as participating manufacturers (PMs). There are a number of cigarette and roll-your-own tobacco (RYO) manufacturers who have not signed the MSA. They are referred to as nonparticipating manufacturers (NPMs). Under the Colorado Tobacco Escrow Funds Act, C.R.S. section 39-28-201 et seq., NPMs must put money into a qualified escrow fund “to guarantee a source of compensation and to prevent [NPMs] from deriving large, short-term profits and then becoming judgment-proof before liability may arise.” The qualified escrow fund is an escrow arrangement between the NPM and a federally or state chartered financial institution, which, among other things, prohibits the manufacturer from using, accessing or directing the use of the funds’ principal.

The amount of money an NPM must contribute to the qualified escrow fund each year is based on the number of units of cigarettes and RYO the NPM sold in the state during the year (units sold). The number of units sold is measured by the number of individual cigarettes sold in the state by an NPM as measured by excise taxes collected on RYO and on packs of cigarettes. No escrow funds are required for other tobacco products.

Under Colorado statute, it is the stamping agent, usually a licensed distributor, who is required to file a monthly report of NPM cigarettes and RYO sold and an excise tax return with the Colorado Department of Revenue (DOR). The information required by DOR on the report includes, but is not limited to, a list by brand family of the total number of cigarettes and the equivalent stick count for RYO sold in Colorado during the period for which taxes were paid. DOR uses the report to confirm the amount of excise tax due on cigarette and RYO sales.

In April each year, NPMs must file with the Colorado Office of the Attorney General (OAG) a Certificate of Compliance by Non-Participating Manufacturer Regarding Escrow Payments (NPM certificate). The NPM certificate is designed to capture the total number of units sold by brand name, the total amount of escrow to be paid based on those sales, the financial institution which holds the escrow funds and the signature of an authorized agent.

DOR summarizes the information provided by licensed distributors and provides the summary to the OAG. The OAG compares the DOR information to NPM certificate filings to confirm that each NPM has made a correct deposit into its qualified escrow fund. The OAG notifies NPMs of payment deficiencies based on the comparison of manufacturer-provided information and distributor-provided information.

In conjunction with the Colorado Tobacco Escrow Fund Act, the State of Colorado maintains the Colorado Certified Brands Directory (Directory). Pursuant to C.R.S. sections 39-28-301 et seq., all tobacco product manufacturers that wish to sell cigarettes and RYO in Colorado must file an annual certification with DOR and the OAG. Tobacco Product Manufacturers include both PMs and NPMs. The Directory is found online at [www.Colorado.gov/Tax](http://www.Colorado.gov/Tax) and lists tobacco

product manufacturers that have provided complete and accurate certifications. The brands listed on the Certified Brands Directory are the only brands that are legal for sale in Colorado. All other brands are contraband. All licensed distributors and stamping agents are required to provide an e-mail address to DOR to be notified of monthly updates to the Directory.

If you have any questions, you may contact the Colorado Department of Law Tobacco Settlement Enforcement at (720) 508-6228. You can also contact the Colorado Department of Revenue Excise Tax Accounting Section at (303) 205-6848 or (303) 205-6853.

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As part of the MSA and the Colorado Tobacco Escrow Funds Act, the Office of the Attorney is authorized to compile information about cigarettes and roll-your-own tobacco that enter the state of Colorado. C.R.S. §§ 39-28-201, -203, and -305. If you anticipate that you will only sell product manufactured by PMs, purchase only stamped and/or tax paid product from Colorado licensed distributors, or sell only tobacco products not subject to the MSA, you should complete Form DR 1286.

Form DR 1284 is designed to track for escrow purposes only the movement of all NPM cigarettes and RYO that enter the State of Colorado. Complete Form DR 1284 and submit it monthly if you are a cigarette and/ or tobacco products distributor/wholesaler who is:

- Transferring any NPM cigarettes or RYO to another distributor/wholesaler within Colorado.
- Exporting any NPM cigarettes and RYO to another distributor/wholesaler outside of Colorado.

## Definitions

“**Cigarette**” means any product that meets the definition found in C.R.S. § 39-28-202(4). The term “cigarette” includes “roll-your-own” tobacco (RYO). For purposes of this definition of “cigarette,” 0.09 ounces of roll-your-own tobacco constitutes one individual “cigarette.”

“**Tobacco Product Manufacturer**” means any person who meets the definitions found in C.R.S. § 39-28-202(9).

“**Licensed Distributor**” means any person who is licensed pursuant to C.R.S. § 39-28-102 (cigarette) and/or § 39-28.5-104 (tobacco products). This term covers, but is not limited to, distributors, distributing subcontractors, wholesalers, wholesale subcontractors, and stamping agents.

“**Non-participating Manufacturer**” (NPM) as defined in C.R.S. § 39-28-302(5) means any tobacco product manufacturer who is not a signatory to the MSA.

“**Certified Brands Directory**” is the Department of Revenue’s listing of cigarette manufacturers and brands that have been approved for sale in Colorado. To receive monthly notification that Certified Brands and Manufacturers directories have been updated, email the department at dor\_master\_settlement@state.co.us. If a brand is not listed, it is contraband and may not be sold or possessed for sale in Colorado. To obtain the directory, visit [www.Colorado.gov/Tax](http://www.Colorado.gov/Tax). For questions, call 303-205-6848.

## Records Retention Information

Tobacco Product Distributors are required to maintain all invoices and documentation of sales and other such information relied upon for certification for a period of 5 years. C.R.S. § 39-28-305(1)(g).

## Instructions

Form DR 1284 is designed to track all NPM cigarettes and RYO that enter the State of Colorado and that, whether taxed and/or stamped or untaxed and/or unstamped, are transferred to other distributors/wholesalers inside the state or exported to distributors/wholesalers outside the state. This report must be completed by licensed distributors:

- Transferring any NPM cigarettes and RYO to a distributor within Colorado, (1 C.C.R. 201-7, Reg. 39-28-103) or
- Exporting any NPM cigarettes and RYO to a distributor outside Colorado. (1 C.C.R. 201-7, Reg. 39-28-202(3)(f)).

A separate form for each non-participating manufacturer is preferable, but not required.

### Identifying Information

Enter the report month and year, your business name and address as they appear on your license and your Colorado Account Number. Enter the name, telephone number, and FAX number, of the individual responsible for the report. An e-mail address is required.

### NPM Product Transferred within or Exported from Colorado

**Column A:** Enter the full brand name of the product sold (do not abbreviate). Do not break down into sub-categories, such as regular, menthol, light, etc. For example, for a cigarette named “Alpha Bravo Gold Menthol Lights” report as “Alpha Bravo Gold”. Do not report as “A B Gold” or “A B Gold Menthol Light.”

**Column B:** Enter the number of individual NPM cigarettes transferred in or exported from Colorado during the reporting month.

**Column C:** List the number of ounces of NPM RYO transferred to another licensed distributor within Colorado or exported from Colorado during the reporting month.

**Column D:** List the number of converted sticks of NPM RYO (ounces ÷ 0.09) transferred in or exported from Colorado during the reporting month; e.g., 700 oz. = 7777.78 sticks.

**Column E:** Enter the name and address of the NPM of the brand listed in Column A.

**Column F:** Enter the name and address of the transfer (in-state) product recipient or export (out-of-state) product recipient. Please be sure to include the address.

**Column G:** Indicate whether the transaction was a transfer to another licensed distributor within Colorado or an export. If an export, write in the name of the state to which product was exported. You may use the two-letter designation for the state; e.g. CO for Colorado.

**Signature:** Each report must be signed by an authorized individual.

**Page Numbers:** Enter the page number and total number of pages included in the submission.

**Due Date:** 20th day of each month following the close of the reporting month.

Retain a copy for your files. Mail or fax completed form to:

Colorado Department of Law  
Tobacco Settlement Enforcement  
Ralph L. Carr Colorado Judicial Center  
1300 Broadway, 7th Floor  
Denver, Colorado 80203  
DOR\_master\_settlement@state.co.us

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