

Every tobacco product manufacturer who intends to sell cigarettes or roll-your-own tobacco within Colorado must comply with certain filing requirements in connection with the [Master Settlement Agreement](#) (MSA). Separate filing requirements apply to distributors of cigarettes or roll-your-own tobacco. Failure to comply with these requirements may result in the suspension or revocation of a distributor's cigarette tax license.

Filing requirements related to the MSA are separate and apart from filing requirements for cigarette tax and tobacco products tax. For information about requirements for these taxes, please see the [Colorado Cigarette Tax Guide](#) and the [Colorado Tobacco Products Tax Guide](#).

This publication is designed to provide general guidance regarding the filing requirements related to the MSA. Nothing in this publication modifies or is intended to modify Colorado's statutes and regulations. Manufacturers and distributors are encouraged to consult their advisors for guidance regarding specific situations.

History

In 1998, 52 state and territory attorneys general signed the Master Settlement Agreement (MSA) with the four largest tobacco companies in the U.S. to settle dozens of state lawsuits brought to recover billions of dollars in health care costs associated with treating smoking-related illnesses. Eventually, more than 45 tobacco companies settled with the Settling States under the MSA. Under the MSA, tobacco manufacturers are obligated to make annual payments to the Settling States in perpetuity, so long as cigarettes are sold in the United States by companies that have settled with the States.

The MSA with United States tobacco manufacturers was signed by the Colorado Attorney General on November 23, 1998, and a consent decree approved by the District Court for the City and County of Denver was entered on November 25, 1998, in civil action no. 97 CV 3432.

The state enacted [House Bill 99-1208](#) to adopt the model statute included in the MSA. Under the bill, each non-participating manufacturer must put money into a qualified escrow fund to guarantee a source of compensation and to prevent non-participating manufactures from deriving large, short-term profits and then becoming judgment-proof before liability may arise.

The state later enacted [House Bill 03-1330](#) to establish reporting requirements to ensure compliance with the requirements of House Bill 99-1208.

House Bills 99-1208 and 03-1330 are codified in Parts 2 and 3 of Article 28 of Title 39, C.R.S.

For additional information regarding the MSA, please see:

- The Colorado Attorney General's website at coag.gov/office-sections/tobacco/;
- The National Association of Attorneys General website at naag.org/issues/tobacco/; and
- [The 2025 Tobacco Master Settlement Agreement Forecast](#) prepared by Colorado's Legislative Council Staff.

Cigarettes and roll-your-own ("RYO")

The reporting requirements discussed in this publication apply to cigarettes and roll-your-own tobacco. Roll-your-own ("RYO") tobacco is any tobacco that, because of its appearance, type, packaging, or labeling, is suitable for use and likely to be offered to, or purchased by, consumers as tobacco for making cigarettes.

As used in this publication, the term "cigarette" is defined in section 39-28-202(4), C.R.S.

Manufacturer reporting requirements

Every tobacco product manufacturer who intends to sell cigarettes or RYO tobacco within Colorado must file a [Tobacco Product Manufacturer Certification \(DR 0231\)](#) annually between April 16th and April 30th. The certification must be filed by every participating and non-participating manufacturer. Manufacturers must file the certification regardless of whether they sell cigarettes or RYO tobacco directly in Colorado or their cigarettes are sold in Colorado through a distributor, retailer, or similar intermediary or intermediaries. The certification must be filed with both the Department and the Office of the Attorney General.

The Department publishes a directory of certified brands and manufacturers online at [Tax.Colorado.gov/certified-brands-manufacturers](https://tax.colorado.gov/certified-brands-manufacturers).

As used in this publication, the term “tobacco products manufacturer” is defined in section 39-28-202(9), C.R.S.

Additional requirements for NPMs

Each non-participating manufacturer (“NPM”) must establish a qualified escrow fund with a U.S. federal or state-chartered financial institution having no affiliation with any tobacco product manufacturer and having assets of at least \$1 billion.

In April each year, the NPM must file with the Colorado Office of the Attorney General a [Certificate of Compliance by Non-Participating Manufacturer Regarding Escrow Payments \(DR 0237\)](#) certifying that it has fully funded its escrow obligation.

For additional information, please visit coag.gov/office-sections/tobacco/information-for-manufacturers/.

Distributor reporting requirements

Distributors must comply with certain reporting requirements in connection with the MSA. These reporting requirements apply to both:

- 1) all Colorado cigarette tax licensees; and
- 2) anyone who is liable for Colorado tobacco products tax on RYO tobacco.

Monthly filing requirement

On a monthly basis, each distributors must file with the Department a [Non-Participating Manufacturer Brands Reporting Form \(DR 1285\)](#), unless they are exempt from this filing requirement, as discussed below. Distributors must complete the form, in full, in accordance with the form instructions. The form is due on the 20th of the month following the reporting month.

Exemption from monthly reporting

A distributor who reasonably anticipates that they will not sell non-participating manufacturers’ cigarettes or RYO tobacco products may be exempted from filing form DR 1285 on a monthly basis. The distributor must file form [DR 1286, Annual Exemption from Monthly Non-Participating Manufacturer Brands Reporting](#) to certify their eligibility for exemption.

The exemption applies for 12 consecutive months following the month in which the Department receives form DR 1286 from the distributor. For example, if the Department receives form DR 1286 from the distributor in October 2026, the distributor must file form DR 1285 for October 2025 but is then exempt from filing form DR 1285 for the months of November 2026 through October 2027. A distributor must file form DR 1286 annually to renew the exemption.

If a distributor who filed form DR 1286 thereafter sells cigarettes or RYO tobacco products of a non-participating manufacturer, the distributor is no longer exempt from monthly filing requirements. They must file form DR 1285 on a monthly basis, beginning with the month in which they sell cigarettes or RYO tobacco products of a non-participating manufacturer. If the distributor subsequently ceases selling cigarettes and RYO tobacco products of a non-participating manufacturer, they may again file form DR 1286 to be exempt from the monthly filing requirement.

Failure to file

If a distributor fails to file the required forms DR 1285 or form DR 1286 as required, their cigarette tax license may be suspended or revoked. They may not apply for a new license within the two-year period following the suspension or revocation.

Distributor recordkeeping requirements

Each distributor must maintain all invoices and documentation of sales of all nonparticipating manufacturer (“NPM”) cigarettes and RYO tobacco. They must also retain in their records any other information they relied upon in filing form DR 1285. Distributors must retain the required invoices, documentation, and other information for a period of five years.

Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to filing requirements related to the MSA. This list is not, and is not intended to be, an exhaustive list of authorities that govern the requirements described in this publication. Anyone with specific questions should consult their advisors.

Statutes and regulations

- § 39-28-102, C.R.S. Licensing of wholesalers - rules - fines.
- § 39-28-202, C.R.S. Definitions.
- § 39-28-302, C.R.S. Definitions.
- 39-28-303, C.R.S. Certifications - directory - tax stamps.
- § 39-28-305, C.R.S. Reporting of information - escrow installments.
- Rule 39-28-202. Tobacco Distributors.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Tax.Colorado.gov/certified-brands-manufacturers](https://tax.colorado.gov/certified-brands-manufacturers)
- [Tobacco Product Manufacturer Certification \(DR 0231\)](#)
- [Certificate of Compliance by Non-Participating Manufacturer Regarding Escrow Payments \(DR 0237\)](#)
- [Non-Participating Manufacturer Brands Reporting Form \(DR 1285\)](#)
- [Annual Exemption from Monthly Non-Participating Manufacturer Brands Reporting \(DR 1286\)](#)
- [Colorado Cigarette Tax Guide](#)
- [Colorado Tobacco Products Tax Guide](#)