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To: Christopher Shea, Deputy Legislative Budget Assistant  
From: Warren Cormack, Attorney  
Date: May 5, 2022  
Re: Tobacco Master Settlement Agreement Payment Estimates 2023-2024

This memorandum is submitted in response to your May 3, 2022 request for an updated estimate of New Hampshire's future Tobacco Master Settlement Agreement ("MSA") payments.

Each year, New Hampshire receives an allocated MSA payment from the tobacco manufacturers who participate in the MSA. The amount that New Hampshire receives is a function of changes in the domestic marketplace for cigarettes, adjusted upward for inflation, downward for decreases in the national market for cigarettes, and downward again if manufacturers who signed the MSA lose market share to manufacturers who have not signed the MSA. In 2022, New Hampshire received an MSA payment of \$48,992,504.33. This was larger than the original predicted MSA payment of around \$38.2 million.

MSA payment predictions are rough estimates. In the past few years, COVID-19 has shifted the tobacco industry in ways that have made estimating MSA payments particularly difficult. Tobacco consumers have been purchasing more cigarettes and tobacco manufacturers have been making higher profits. This rise in profits increased New Hampshire's 2022 MSA payment. A high inflation rate also increased New Hampshire's 2022 MSA payment.

New Hampshire's estimated MSA payments are currently \$40,000,000 for 2023 and \$39,000,000 for 2024. This memorandum will be updated as MSA estimates change.