

**ATTORNEY GENERAL
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To: Sonja Caldwell, Director of Committee Services
From: Edward R. Sisson, Assistant Attorney General
Date: April 30, 2021
Re: Tobacco Master Settlement Agreement Payments 2021-2023

This memorandum is being submitted in response to your April 23, 2021 request for an updated estimate of New Hampshire's future Tobacco Master Settlement Agreement ("MSA") payments.

In 2021, New Hampshire received an MSA payment of \$47,750,196.92. This was larger than the predicted MSA payment of \$38.4 million. Covid-19 made it difficult to accurately predict domestic tobacco sales. Domestic tobacco sales did not decline in 2020 as had been predicted by The National Association of Attorneys General Center for Tobacco and Public Health ("NAAG"), which resulted in a higher MSA payment.

NAAG predicts that the recent announcement by the FDA that it is working toward banning menthol as a characterizing flavor in cigarettes, and a proposed increase in the Federal Excise Tax on cigarettes, make it likely that tobacco sales will resume a downward trend in 2021. Covid-19 will continue to make accurate predictions of domestic tobacco sales challenging.

New Hampshire's estimated MSA payments remain \$38.2 million in 2022 and \$36.3 million in 2023. NAAG is in the process of updating its estimates and I will update my memorandum at that time.