

Alabama Department of Revenue

News Release

Nov. 18, 2003

ADOR Settles Local Tobacco Tax Case *Mobile County School System Beneficiary of \$2.8 Million*

Mobile, Nov. 18, 2003—During its monthly school board meeting, Mobile County board members received some very good news from the Alabama Department of Revenue.

On behalf of State Commissioner Dwight Carlisle, ADOR Assistant Counsel Wade Hope presented board members with a copy of a \$1 million check that earlier had been certified and deposited to the Mobile County School System's account and copies of court documents providing for an additional \$1.8 million in installment payments destined for the county school system's coffers beginning this December and continuing through November 2008.

This good news comes to county school board officials following ADOR's settlement of a local tobacco tax case involving Mississippi tobacco wholesaler Wigley & Culp on Oct. 31, 2003, after more than four years of litigation. The Mobile County School System is the sole beneficiary of the \$2.8 million settlement.

In 1999, the ADOR issued an assessment of over \$1 million in taxes against the Mississippi wholesaler for its failure to pay a five-cent Mobile County tobacco tax on its cigarette sales in Mobile County during the period May 1995 through June 1998. ADOR issued six additional assessments for subsequent periods that were appealed by the Mississippi wholesaler. The dispute continued until a settlement was reached on Oct. 31, 2003. The \$2.8 million figure includes local tax, penalty and interest amounts covering the period May 1995 through June 2003.

The five-cent Mobile County tax is specifically earmarked for the Mobile County School System and is administered by the ADOR.

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ADOR currently administers twenty-one county cigarette and tobacco taxes, and as part of its local tax collection service is responsible for litigating any local tax matters on behalf of counties and cities administered by the ADOR.

“The department is very pleased to settle this matter on the county’s behalf and deliver a fair financial settlement to the school board, especially during these times of budget shortfalls,” said Hope.

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