

# Alabama Department of Revenue

News Release

Feb. 13, 2004

## Alabama Follows Federal Law on Tax Treatment of PCB Settlement Proceeds

Montgomery, Feb. 13, 2004—According to information released by the Internal Revenue Service (IRS), a class-action lawsuit filed by thousands of people in the Anniston area was recently settled with the company agreeing to pay in excess of \$600 million, plus legal fees. In the agency's Feb. 13, 2004, announcement (AL-2004-39), the IRS advised that settlement proceeds received by plaintiffs may be taxable, depending on several factors.

In regard to the treatment of such settlement proceeds under state tax laws, the ADOR advises taxpayers that Alabama law follows federal law in the treatment of settlement proceeds. If such proceeds are taxable under federal law, they will also be taxable at the state level. Taxpayers will need to know the basis of any property involved to know whether settlement damages received for loss of use or loss in value are taxable.

Taxpayers who have questions about this issue may contact the IRS toll-free at 1-800-829-1040 or visit the IRS Web site at [www.irs.gov](http://www.irs.gov).

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