

March 30, 2023

To the Joint Committee on Tax Expenditure:

I am testifying in support of HB 3523.

Until September 8, 2020, I had lived for 24 years on twenty acres of beautiful forest land near the North Umpqua River. That day, I lost my home, possessions, land, and way of life in the Archie Creek Fire. We had about 15 minutes to throw a few belongings in the car and drive out through flames. Everything left behind was incinerated. I am 68 years old. A lifetime was gone in minutes.

I was insured, unlike some fire survivors, but insurance did not cover the full value of my home and possessions, land cannot be insured, and treasured personal possessions are priceless. Two and a half years after the fire, we are still trying to put our lives back together. All survivors of the Labor Day fires have been struggling with trauma, loss, grief, and exhaustion.

I am a party to the lawsuit against Pacific Power. Experts have determined that actions of Pacific Power caused the fire. Our attorneys are hopeful that a settlement will be reached this year. We fire survivors have been hoping this lawsuit will restore us at least financially.

However, we were shocked to learn in December that we will see only a small fraction of any settlement amount. We agreed at the beginning to attorney fees of 33%. What we did not know is that the IRS will treat our settlement as income and tax us on the entire amount. Even attorneys' fees will be taxed as if we received that amount, then taxed again as income to the attorneys. Because state taxes follow the same rules as federal, Oregon will also tax these amounts. Between attorneys' fees, federal, and state taxes, **we will probably get only 20% of whatever settlement is reached. 20 cents on the dollar.** Our hope of being made financially whole as a result of the lawsuit was futile.

That the full settlement should be taxed as income is grossly unfair. Everything was taken from us, and now if and when we are compensated, Uncle Sam and Oregon will take a large share of that. It is an extreme example of government greed.

Thousands of Oregonians devastated by the Labor Day fires of 2020 are affected by this issue. California recently passed legislation making settlement payments state-tax free. Oregon should do the same.

Please show understanding and kindness to your fellow Oregonians who have already suffered so much, and pass this common-sense and merciful bill.

Thank you for your time and attention.

Nancy Tague