

Submitter: K Ellis

On Behalf Of:

Committee: Senate Committee On Finance and Revenue

Measure: SB1520

February 6, 2024

SB 1520 (2024) addresses an urgent cause regarding taxation of settlement income for wildfire victims and we are humbly requesting you to carefully consider it and fully support it.

Those of us who were devastated by the Labor Day wildfires of 2020 (in our case the Archie Creek Fire specifically) lost a lifetime of possessions; homes and other structures burned completely to the ground; the beautiful and productive forest environment was "totaled" and the experience of evacuating with only a moment's notice was a trauma that will never fully heal.

In our family's situation, we have paid income tax and property tax for over 40 years. In one day, we lost everything. After over 3 years of negotiations and legal wrangling, a lawsuit is culminating in a settlement. It is admittedly a compromise in that it does not cover emotional distress and punitive damages, but it will assist us in recovering some of the lost property and it will facilitate some rebuilding.

Taxation of a settlement amount is a highly concerning issue. The legal fees amount to approximately 35% of the settlement, so that amount will already be deducted from what we will receive. If the remaining amount is taxed as income, then that would greatly further reduce the amount received. This would leave us (and all other wildfire victims who receive settlement amounts) with less than desirable resources for restoration of our lives that had been so interrupted and devastated.

A tax subtraction for amounts received in settlement of a civil action arising from wildfire, would inspire faith in our government systems showing that they are of the people, by the people, and (very importantly here) for the people.

Not only would the passage of this SB 1520 be greatly appreciated, but it would aid in the overall economic, cultural, and emotional recovery of the communities so adversely affected by the wildfire tragedies.

Thank you so much for your time and consideration around this significant matter. Your attention and support are greatly needed and genuinely appreciated.