

March 29, 2023

My husband and I lost everything we worked hard for all our lives in the Archie Creek Fire of 2020. We're plaintiffs in the lawsuit against PacificCorp.

First, we'd like to express our gratitude for hearing our testimony.

As members of Senate and Legislation about to make a decision on whether or not to pass Bill HB3523 exempting wildfire victims from State tax, we think it's vital that you have a comprehensive and realistic view of the circumstances we face regarding our settlement which is supposed to serve as restitution for our catastrophic loss.

Below is a list (in percentages) of expenses we can expect to pay out of the Gross settlement amount. These deductions will drastically reduce the actual (Net) compensation we receive when all is said and done.

- 1) Justifiable pro-bono attorney fees of 33 1/3% plus additional expenses. However, these fees are no longer tax deductible thanks to the 2018 Tax Cut and Jobs Act, which, ironically, favored the lowering of corporate tax rates while it removed the ability for non-corporate individuals to deduct attorney fees.
- 2) IRS taxation of the Gross income at 37%. This includes paying taxes on the 33 1/3% attorney fees.
- 3) Oregon State tax at 9.9%

This leaves us with less than 20% of our settlement, give or take any small loophole that an accountant can ferret out at the cost of additional accounting fees.

These restitution settlements are intended to compensate fire victims for their losses and provide funds for recovery. Taxing them is like treating them as lottery winnings, which I assure you they are not.

My husband is 82, and I'm 68. We spent 30 years on our property designing and custom building a unique way of life that would carry us through our Golden years in reasonable comfort, independence and security, only to have it all stolen from us by corporate carelessness. Now that we have an opportunity to receive some compensation for our losses, we face yet another obstacle to recovery and re-establishing stability in our lives – unjust taxation of our restitution settlement.

As Seniors, we live on a limited retirement SS income. We don't have 30 more years to physically rebuild our lives from scratch doing all the labor ourselves again. We need to be able to hire the labor that recovery will require. Netting only 20 percent of a negotiated Gross settlement will greatly hinder our capacity to reconstruct some semblance of our lost way of life, especially in these times of high inflation.

Our past, present and future were drastically altered because of that fire. Treating our settlement as taxable earned income vs replacement dollars for our losses is not only unfair, it adds insult to our injury and greatly hinders our recovery potential.

We respectfully ask that you aid us in our recovery by correcting this injustice through the passing of HB-3523 which sits before you today so that we may at least have partial economic relief from the unfair taxation of our restitution settlement.

Thank you for your time.