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February 21, 2024

Oregon Legislators

Re: Oregon House Bill 4007

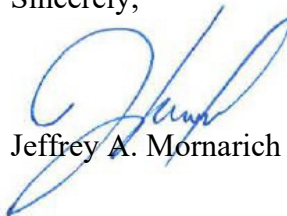
Our law firm represents 463 individual plaintiffs (approximately 220 families) residing in the North Umpqua River drainage. We sued PacifiCorp, Oregon's second-largest electric utility, alleging PacifiCorp was grossly negligent and responsible for causing the 2020 Archie Creek fire that destroyed our clients' homes, properties, and way of life. PacifiCorp finally agreed to pay these individuals a settlement totaling \$299 million. After attorney fees and litigation costs incurred to hold PacifiCorp accountable, Archie Creek fire victims are receiving checks for slightly more than 65% of their total settlement. The victims of the Archie Creek fire began receiving their settlement checks at the end of December 2023, more than three years and three months after this horrible event.

Under federal law, each fire victim is required to report as gross income the total amount of the fire victim's settlement, including that portion paid out for attorney fees and litigation costs. Unfortunately, Congress' 2017 Tax Cut and Jobs Act eliminated miscellaneous itemized deductions thus preventing these fire victims from being able to deduct their attorney fees and litigation expenses from their taxable income. **As a result, after taxes, the victims of the Archie Creek fire will only receive approximately 20% to 30% of their total settlement.** These fire victims desperately need relief from this draconian tax law so that they have a fighting chance to begin to rebuild their lives.

Fire victims of the 2020 Santiam Canyon fires east of Salem, the Echo Mountain Complex near Lincoln City, the South Obenchain fire near Eagle Point, and the Two Four Two fire near the southeast Oregon town of Chiloquin will also face these horrible tax ramifications for any funds they receive from PacifiCorp in their class action lawsuit pending in Multnomah County Circuit Court.

Providing this needed tax relief for fire victims should not have any effect on Oregon's projected tax revenue. Exempting their settlements from Oregon income tax is imperative to help these fire victims rebuild their lives. Please see to it that HB 4007 becomes an Oregon law.

Sincerely,



Jeffrey A. Mornarich