

Submitter: Ralph Bloemers  
On Behalf Of: Fire Safe Communities  
Committee: House Committee On Judiciary  
Measure, Appointment or Topic: SB926

Dear Chair Kropf and Members of the Committee,

I have read the proposed -A4 and -A5 Amendments. I only write to comment on the -A5 Amendment and the proposed new Section 6 regarding tax liability, I do not offer a position on the other proposed amendments

Based on my review, I strongly oppose the new section 6, as it wholly undercuts and does not accomplish the goal of providing tax relief to fire survivors. The provision only provides relief if the tax relief changes from the date liability is found to the date final judgment is entered. This approach ignores the fact that the utilities negligent conduct created the taxable event, the utility-caused wildfires that burned up thousands of Oregon homes.

Remember, without the utility-caused wildfire burning up homes, the owner of that lost home would have kept living in the house they owned, and eventually chose to sell it or pass it to a family member. They would only be taxed on a portion of the gain on their house that is taxable. At the time of any sale or transfer, they would NOT have been taxed at ordinary income rates.

As discussed in previous testimony, and outlined in testimony submitted by After the Fire USA, under tax law in effect when the Labor Day fires occurred and in effect when liability was found in the James case in June 2023, Oregon survivors are taxed on recovery at ordinary income rates. They pay tax on all of it, what they get for their houses, what they pay to their attorneys, and this means they end up with pennies on the dollar.

The Oregon legislature and the US Congress recognized the fundamental unfairness and changed state and federal law to provide that Oregon fire victims do not pay tax on settlements. These changes to the law were made in 2024.

Therefore, the changes proposed by -A5, section 6 are wholly inadequate to address the tax consequences brought on by PacifiCorp's conduct, conduct that was found to be grossly negligent and in reckless disregard of Oregon fire victims. Their conduct led to fires that burned up houses and communities. Their conduct led to this taxable event.

It does not and should not matter whether the tax liability was the same from the date of the determination of liability and the judgment - what matters is that the utility

caused the fire, and caused a taxable event for an Oregonian. Remember this taxable event was forced on the homeowner, the homeowner was burned up against their will. They did not choose to be burned up, they would have rather kept their home and decided when to sell it and be subject to the same tax laws that everyone else is when they sell their home and property.

I urge the committee to NOT adopt the provisions in -A5, Section 6, and instead retain the language in 926A engrossed with the following modifications:

EXPAND FROM SECTION 2 to 4 to SECTION 2 to 6, as follows:

SECTION 5. Sections 2 to 6 of this 2025 Act apply to wildfires that are ignited on or after January 1, 2020.

DELETE BRACKETED CLAUSE IN SECTION 6, as follows:

SECTION 6. (1) As used in this section, “electric company” means an electric company, as defined in ORS 757.600, that services electricity to more than 25,000 retail electricity consumers, as defined in ORS 757.600, located in this state. (2) If an electric company owes any debt on an outstanding judgment that is based on a finding by a court or jury that a wildfire resulted from the negligence or a higher degree of fault on the part of the electric company [DELETE - and the electric company has not satisfied the judgment by January 1, 2026], the electric company shall be liable for all taxes that may be owed by the prevailing party on the judgment at the time the electric company satisfies the judgment.

DELETE SECTION 7 IN ENTIRETY:

SECTION 7. Section 6 of this 2025 Act applies to a judgment that has been issued between January 1, 2020, and January 1, 2025.

Regards,  
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