

Green Oregon
3141 E. Burnside Street
Portland, Oregon 97214

Dear Chair Bowman and Members of the Committee:

I write to underscore why the taxation provisions already contained in SB 926, and proposed in the -4 for HB 3984 by Senator Prozanski, is essential to protecting wildfire survivors from being financially victimized by the consequences of having their house and property burned up. Fire survivors did not choose to sell their homes, the loss was caused by the gross negligence and reckless disregard of utility operators like PacifiCorp.

Under current federal tax law—specifically the 2017 Tax Cuts and Jobs Act—settlements paid by utilities to survivors for losses like burned homes, destroyed property, and attorney fees are treated as taxable income.

This means that even though these payments are meant to replace what was lost—not provide a financial gain—survivors are taxed on the entire amount, including portions they never actually receive. For example, if a survivor is awarded \$1 million but pays \$300,000 in legal fees, they still must pay taxes on the full \$1 million. This can leave them with as little as \$300,000 to \$400,000, far short of what is needed to rebuild and perhaps not even anything after they satisfy what they owe to a bank.

This tax treatment is fundamentally unfair as it:

- Punishes people who have already lost everything.
- Treats compensation for destroyed homes as income.
- Provides an advantage to the utility corporations responsible for the fires, by allowing them to delay settlements until after tax protections expire.
- Adds to the trauma and stress faced by fire survivors.

Oregon legislators testified and highlighted these injustices in testimony on SB 1520, and the Oregon Legislature unanimously passed that bill last session to provide state-level relief.

At the federal level, Senator Ron Wyden led the charge to secure temporary tax relief, noting that “survivors of wildfires... shouldn’t be hit with a massive tax bill on top of losing everything.” However, that federal relief sunsets in January 2026, creating a narrow and urgent window for justice. SB 926 includes a tax provision because without a federal extension,

survivors who settle after 2026 could once again face crushing tax bills. In many cases they will be underwater, as many of them also had mortgages on their houses and, likely, have been unable to make payments.

This provision ensures that the burden of potential tax liability falls on the tortfeasor—not the victims—making survivors whole as intended.

I strongly urge your support for policy that encourages resolution of the damage and harms suffered by Oregonians in the 2020 Labor Day fires - specifically the provisions in SB 926. Survivors need all the support they can get, and SB 926 provides them. It is a matter of basic fairness and decency for those who have already lost too much.

Sincerely,

Ralph Bloemers

Director of Fire Safe Communities

Green Oregon Alliance