



December 1, 2022

When I assumed the role of Trustee in July this year, I committed to be transparent about the Trust's work. In this month's post, I want to address the taxation of awards made to fire survivors from the Fire Victim Trust (FVT). Currently the IRS taxes FVT awards as earned income at the gross amount that includes attorneys' fees. A bill (H.R. 7305) that is waiting for approval by Congress would make the tax treatment of payments fairer for claimants by exempting awards from income tax and allowing for the deduction of legal fees associated with pursuing claims.



The role of the FVT is not to give tax advice, but we do believe that the monetary compensation received after losing one's home or business should not be regarded as income in the same way that wages or benefits are.

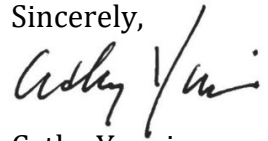
Fire survivors have been helped at the state level by AB 1249, the passage of which the FVT actively supported. The bill was signed into law on September 29, 2022, allowing wildfire victims to be exempt from paying California state taxes based on settlement payments made out of the Fire Victim Trust. As State Assemblyman James Gallagher, who authored the bill, said: "Victims deserve to receive the maximum amount of compensation possible." This sentiment was echoed by State Senator Mike McGuire who said, "Fire survivors shouldn't be victimized twice. The State of California passed common sense legislation waiving the tax on trust settlements earlier this year and it's time the Federal Government does the same. I'm grateful to Congressman Thompson and LaMalfa for their bipartisan work on this important cause and we hope to see the legislation signed soon."

It is in this spirit that as Trustee of the Fire Victims Trust, I am also strongly supporting passage of H.R. 7305, sponsored by California Congressmen Mike Thompson and Doug LaMalfa, that would replicate AB 1249 for federal taxes. The measure would amend the Internal Revenue Code of 1986 to establish a deduction for attorneys' fees and to exclude from gross income any awards received as a result of damage from fires federally declared as disasters after 2015. We have been working with the offices of Congressmen Thompson and LaMalfa to support a bipartisan effort by reaching out to the appropriate committees and Leadership in both houses of Congress. The collective goal is to get H.R. 7305 out of committee and push for its passage as quickly as possible. Every dollar counts to fire survivors as they rebuild their lives, and the passage of H.R. 7305 would make a meaningful

difference to their recovery. The Trust is working hard to support this effort and bring much needed relief to fire survivors.

Best wishes for the Holidays.

Sincerely,

A handwritten signature in black ink, appearing to read "Cathy Gianni". The signature is written in a cursive, flowing style with a large initial "C" and "G".

Cathy Gianni