



February 2, 2023

The Honorable Kevin McCarthy
Speaker of the House
H-232, U.S. Capitol Building
Washington, D.C. 20515

Subject: Support of H.R. 176 to amend IRS Code of 1986 for certain fire survivors' claimants

Dear Speaker McCarthy,

I applaud your unwavering support for wildfire recovery and resilience policy over the years. You have been a true advocate helping families and communities recover from devastating wildfires, in California and throughout the nation. As the Trustee of the Fire Victims Trust (FVT), I am writing to request your support for H.R. 176 by Congressman Doug LaMalfa, co-sponsored by Congressmen Thompson, McClintock and Huffman. This measure will amend the Internal Revenue Code of 1986 to establish a deduction for attorney fees awarded with respect to certain wildfire damages and to exclude from gross income settlement funds received with respect to such damages.

The FVT was established in July 2020 as a result of the PG&E Bankruptcy settlement. The FVT evaluates, administers processes and resolves eligible claims arising from the 2015 Butte Fire, 2017 North Bay Fires, and the 2018 Camp Fire. As of January 31, 2023, the FVT has paid \$6.25 billion to claimants and provided determination notices to 92% of all claims. The fact that families and businesses will have to pay taxes on these claims, as well as attorney fees, adds insult to injury. By creating this exemption, you are keeping money in the pockets of fire survivors who are struggling to rebuild their lives, homes and businesses.

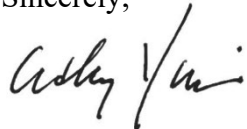
I believe that the monetary compensation received after losing one's home or business should not be regarded as income in the same way that wages or benefits are. If it is, a series of unintended consequences might take place and perpetuate more barriers and burdens within the recovery process, including:

- 1) If recovery compensation is considered income (including fees paid to lawyers), then many fire survivors could be moved into a different income tax bracket; thus, risk losing disability and other social benefits many victims continue to depend on.
- 2) Individuals who have lost everything from these destructive fires already come up against the heavy price tag of rebuilding. The intention of this compensation to help cover costs is cut short when it is further taxed, potentially leaving some expenses not taken care of.
- 3) Finally, the complexity of these tax issues can be an unmeasurable burden on taxpayers. For some, it's simply indecipherable.

Mr. Speaker, thank you again for your continued advocacy, partnership, and support for fire victims throughout Northern California. We urge you to continue that support and move H.R. 176 forward, making sure these important policies protect PG&E claimants in the Fire Victim Trust process.

If you have any questions, please contact Darby Kernan at 916-284-9872 or dkernan@mosaicsol.com. Thank you again for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Cathy Gianni". The signature is written in a cursive style with a large initial "C" and a distinct "i" at the end.

Cathy Gianni
Trustee



February 2, 2023

The Honorable Hakeem Jeffries
House Minority Leader
2433 Rayburn House Office Building
Washington, DC 20515

Subject: Support of H.R. 176 to amend IRS Code of 1986 for certain fire survivors' claimants

Dear Minority Leader Jeffries,

I applaud your unwavering support for wildfire recovery and resilience policy over the years. You have been a true advocate helping families and communities recover from devastating wildfires, in California and throughout the nation. As the Trustee of the Fire Victims Trust (FVT), I am writing to request your support for H.R. 176 by Congressman Doug LaMalfa, co-sponsored by Congressmen Thompson, McClintock and Huffman. This measure will amend the Internal Revenue Code of 1986 to establish a deduction for attorney fees awarded with respect to certain wildfire damages and to exclude from gross income settlement funds received with respect to such damages.

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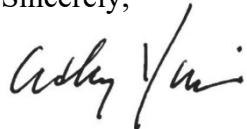
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Cathy Gianni
Trustee