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January 18, 2022

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Assemblymember Chris Holden, Chairman
Assembly Appropriations Committee
1021 O Street, Room 5650
Sacramento, CA 95829

RE: Assembly Bill 1249—Tax Relief for Wildfire Victims

Dear Chairman Holden:

We, the undersigned members of the Legislature, represent parts of California burned in the 2015 (Butte), 2017 (North Bay), and 2018 (Camp) wildfires. We are writing to urge your support of **AB 1249** in the Assembly Appropriations Committee.

AB 1249 would clarify California's tax code to exclude certain wildfire victims from paying state taxes on compensation for damages received out of PG&E's "Fire Victim Trust." This would help ensure fire victims receive just compensation for the economic and non-economic damages caused by those wildfires.

PG&E's Fire Victim Trust was created to compensate victims of the 2015 (Butte), 2017 (North Bay), and 2018 (Camp) wildfires. The Resolution Procedures of the trust allow victims to submit seven types of claims: Real Property, Personal Property, Personal Income Loss, Business Loss, Other Out-of-Pocket Expenses, Wrongful Death and Personal Injury, and Emotional Distress.

Several types of claims are already non-taxable under California law. However, real property (for victims who were insured), emotional distress, business loss, and personal injury claims are all taxable under California law because they qualify as "gross income."

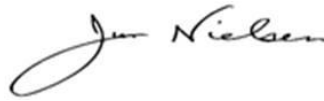
While every victim's situation is different, exempting gross income from state tax for claims paid out of the Fire Victim Trust would be a tremendous help to wildfire victims. Under AB 1249, someone in a middle income tax bracket would receive about \$3,800 in state tax relief for a preliminary payment, which can vary but are generally around 30% of the total claim.

With PG&E's stock projected to sell for lower than victims were promised, leaving the trust short billions of dollars, exempting state tax from settlements would provide much needed relief to our constituents.

Sincerely,



Assemblymember James Gallagher
Assembly District 3



Senator Jim Nielsen
Senate District 4



Assemblymember Frank Bigelow
Assembly District 5



Senator Bill Dodd
Senate District 3



Senator Brian Dahle
Senate District 1



Assemblymember Jim Wood
Assembly District 2



Assemblymember Aguiar-Curry
Assembly District 4



Assemblymember Marc Levine
Assembly District 10



Senator Mike McGuire
Senate District 2



Assemblymember Megan Dahle
Assembly District 1



Senator Andreas Borgeas
Senate District 8

CC: Jay Dickenson, Chief Consultant, Assembly Appropriations Committee
Irene Ho, Principle Consultant, Assembly Appropriations Committee