

Congress of the United States
Washington, DC 20515

January 20, 2022

The Honorable Charles P. Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Dear Commissioner Rettig,

We are contacting you today to request the Internal Revenue Service expeditiously draft and disseminate tax guidance for claimants of the Fire Victim Trust, a \$13.5 billion settlement established on July 1, 2020 after approval of a reorganization plan for Pacific Gas and Electric (PG&E). This mass settlement is made up of seventy thousand victims injured in 2015 Butte Fire, the 2017 North Bay Wildfires, and the 2018 Camp Fire, who are about to enter the first tax season in which their settlement awards may be taxable.

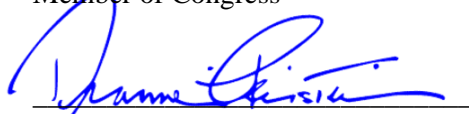
The Trust first began disbursing funds in November 2020 and continued throughout last year – totaling \$1.7 billion as of December 30, 2021. However, the taxability of each individual dollar within each award can change depending on what type of loss is being claimed. For example, a claim based on a physical injury, and all emotional injuries associated with it, is tax free. However, a claim based on an emotional injury, and any physical injuries connected to it, is taxable. In addition, capital gains from rebuilding can vary significantly based on a number of factors, such as how long it takes to rebuild, whether a structure was previously a business or residential housing, and whether the structure will serve as a primary residence for the affected victim.

These victims are struggling to decipher the tax code, and determine what amount of their claims can be used to rebuild their lives or replace their losses. For this reason, we urge the IRS to rapidly draft, finalize, and disseminate tax guidance to help claimants of the Fire Victim Trust navigate the 2021 tax season, which starts on January 24, 2022.

Sincerely,



DOUG LAMALFA
Member of Congress



DIANNE FEINSTEIN
United States Senator



TOM McCLINTOCK
Member of Congress



JOHN GARAMENDI
Member of Congress



MIKE THOMPSON
Member of Congress



ALEX PADILLA
United States Senator



JARED HUFFMAN
Member of Congress