



February 21, 2020

Honorable Bob Wieckowski
Senator, California State Senate
State Capitol, Room 4085
Sacramento, CA 95814

Re: SJR – End Double Taxation on Settlements and Judgments: SUPPORT

Dear Senator Wieckowski:

We write to express our support for your Senate Joint Resolution (SJR XX), that calls for Congress to pass and the Administration to sign, the End Double Taxation of Successful Civil Claims Act (S 2627). That legislation will correct the inadvertent error in the Tax Cuts and Jobs Act of 2017, that has resulted in consumers who prevail against corporate scofflaws facing double taxation on “phantom” income, while their attorneys also must pay income tax on those same amounts.

The End Double Taxation of Successful Civil Claims Act would restore the tax deduction that consumers could claim before the enactment of the flawed Tax Cuts and Jobs Act of 2017, and eliminate the unfair double-taxation of consumers who have already been victimized by lawbreaking corporations.

Many California consumer protection statutes provide for reasonable attorney’s fees to be awarded to consumers who prevail in a civil action. Fee provisions are necessary to level the playing field between consumers and corporations who have vastly greater resources at their disposal. However, this new and unjust double taxation structure threatens to discourage consumers who have been wronged from pursuing righteous claims against companies that have broken the law.

In some cases, consumers who win hard-fought victories against corporate scofflaws and establish precedents that benefit the general public may end up worse off financially because of the current tax regime.

We applaud your leadership in authoring this Senate Joint Resolution to End the Double Taxation of Successful Civil Claims and urge that it be enacted and delivered to Congress and the Administration in Washington, D.C., and that Congress and the Administration act accordingly.

Sincerely,

Rosemary Shahan
President
Consumers for Auto Reliability and Safety
(sponsor)

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