

Eshoo Denounces IRS Decision to Tax FEMA Hazard Mitigation Grants

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Congresswoman Anna G. Eshoo today released a letter to Internal Revenue Service (IRS) Commissioner Mark Everson demanding that he reverse a decision to tax the Federal Emergency Management Agency's (FEMA's) flood prevention programs and vowed to fight until this unfair and senseless decision is reversed. The decision negatively impacts her constituents in Santa Cruz and San Mateo Counties, as well as thousands of Californians throughout the state and tens of thousands of Americans throughout the nation.

"We should encourage people to prepare for disaster by participating in FEMA's mitigation programs," said Eshoo. "But by taxing FEMA's mitigation assistance, the IRS will make it unaffordable for property owners to do so and prevent them from taking steps to protect their lives and property."

"These are programs with a record of success. Last week, Governor Schwarzenegger credited the FEMA Hazard Mitigation Grant Program with preventing millions of dollars in property damage during the flooding and mudslides in Southern California. With such a clear demonstration of effectiveness, I'm astounded that the IRS would destroy this program by taxing it."

In addition to the letter to Commissioner Everson, Eshoo is a cosponsor of H.R. 380 and H.R. 387, legislation that would overturn the IRS decision if Commissioner Everson fails to do so administratively. She is also organizing other Members of Congress to appeal to Chairman Thomas of the House Ways and Means Committee to adopt legislation to address this problem. She has gained the support of, among many others, House Minority Leader Nancy Pelosi, House Appropriations Chairman Jerry Lewis, Congressman Tom Lantos and Congressman Sam Farr.

Eshoo has pledged to work with Santa Cruz County Supervisor Mark Stone and other elected officials, as well as the residents of Felton Grove and other affected areas to facilitate communication with the IRS until the decision is overturned.

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