

# Bill aids Love Creek victims

Rep. Leon Panetta has introduced legislation to ensure "fair tax treatment" for the 29 Love Creek families who have been forbidden to return to their homes because they are unsafe.

Love Creek, near Ben Lomond, was the site of a massive slide during last January's torrential rain which destroyed eight homes and killed 10 people.

After that tragedy, engineers analyzed the potential for more slides and concluded that the remaining homes on the mountainside would be subject to the same thing at almost any time. As a result of those findings, the county Board of Supervisors felt it had no choice but to forbid the use of the homes as residences.

That meant that the 29

affected families had homes with no structural damage, but which could not be used by them. They had the choice of moving the structures to other sites or of simply tearing them down.

Along came the Internal Revenue Service with a ruling that, because the structures had not been actually destroyed or damaged by the slide, the owners couldn't deduct the value of the homes as casualty losses, even though they could no longer use the homes.

It's that ruling that Panetta's bill would overturn. His legislation would permit the families to take a casualty loss deduction as if the homes had been destroyed by the slides.

"There is a terrible irony here," said the Monterey Democrat. "If

those homes had been destroyed by (the slides), the IRS would have granted the families a deduction for casualty losses without a second thought. But because there was no physical damage, even though the county has totally closed off these homes and ordered them destroyed, the IRS will not permit a casualty loss deduction."

Panetta said that the "casualty loss deduction is supposed to be available for losses that result from natural disasters" — which he said was certainly true of the Love Creek families.

The congressman said his bill has been "tightly written to ensure that it applies only to the Love Creek situation and to victims of future disasters who face similar orders by local governments."