

# Know the Facts About Hermit's Peak/Calf Canyon Claims Compensation

---

Release Date: avr 11, 2024

The Hermit's Peak/Calf Canyon Fire Assistance Act states compensation for losses resulting from the Hermit's Peak/Calf Canyon Fire is **not considered income for federal, state, and local taxes**. Additionally, **entitlement programs** such as Medicaid, Medicare, Social Security, Unemployment Insurance, welfare programs, and other social programs **WILL NOT be affected**.

**Rumor:** Compensation from the Claims Office is taxable.

**Fact:** The Hermit's Peak/Calf Canyon Fire Assistance Act says compensation received from the Claims Office is NOT considered income under tax laws. The Act generally exempts your compensation from all taxes – federal, state, and local.

- Section 104(h)(4) of the Hermit's Peak/Calf Canyon Fire Assistance Act states: No Effect on Entitlements – The value of compensation that may be provided under this Act shall not be considered income or resources for any purpose under any Federal, State, or local laws, including laws relating to taxation, welfare, and public assistance programs.
- The Claims Office **cannot** provide you with individual tax advice. Ask your tax advisor if you have questions.

**Rumor:** Claimants should wait until the Gross Receipt Tax waiver bill takes effect July 1, 2024, to sign their Proofs of Loss, to avoid paying that tax on their compensation.

**Fact:** Compensation received from the Claims Office generally is NOT taxable. Per the Hermit's Peak/Calf Canyon Fire Assistance Act, attorneys' fees are not compensable. Fees charged to claimants by an attorney, or other third-party representation, are the responsibility of the claimant. Per legislation, attorneys' fees are capped at 20% of the compensation a claimant receives. You may be required to pay other additional expenses depending on your agreement with your



FEMA

Page 1 of 3

representative.

- The Gross Receipts Tax (GRT) Credits for Legal Services for Wildfire Compensation Recovery, or House Bill 252, “Adjust Income Tax Brackets,” was passed by the New Mexico Legislature and signed by Gov. Michelle Lujan Grisham on March 6, 2024.
- The Gross Receipts Tax is a tax on companies that conduct business in New Mexico and is not the responsibility of the claimants. The exemption applies to the attorneys, not the claimants. Your contract with your attorney may require you to pay your attorney’s Gross Receipt Taxes.

**Rumor:** If I receive compensation from the Claims Office, I could lose my benefits, such as Social Security, Medicare, Medicaid, Unemployment Insurance, welfare programs and other social service programs.

**Fact:** Entitlement programs such as Social Security, Medicaid, Medicare and other programs will **not** be impacted/affected if you receive compensation from the Claims Office.

## Information on your Claim

You have a right to information regarding the status of your claim. You may work directly with the Claims Office to obtain information on your claim with or without involvement from your attorney. **The choice is yours and yours alone.** You may complete and sign the *Intent to Proceed Without Participation of Counsel* form and inform your attorney or other authorized third party of your intent to contact the Claims Office directly. This form allows us to discuss your claim with you but does not terminate your relationship with your representative.

The Hermit’s Peak/Calf Canyon Claims Office is committed to meeting the needs of people impacted by the Hermit’s Peak/Calf Canyon Fire and subsequent flooding by providing full compensation available under the law as expeditiously as possible. FEMA is only permitted to pay claims that have a signed Proof of Loss form and supporting documentation. Anyone impacted by the Hermit’s Peak/Calf Canyon Fire and subsequent flooding is welcome to visit any one of our three Claims Offices. Visit [fema.gov/disaster/current/hermits-peak/contact-us](https://www.fema.gov/disaster/current/hermits-peak/contact-us) for locations and hours.



For information and updates regarding the Claims Office, please visit the Hermit's Peak/Calf Canyon Claims Office website at [fema.gov/hermits-peak](https://fema.gov/hermits-peak). For information in Spanish, visit [fema.gov/es/hermits-peak](https://fema.gov/es/hermits-peak). You can also follow our Facebook page and turn notifications on to stay up to date about the claims process, upcoming deadlines and other program announcements at [facebook.com/HermitsPeakCalfCanyonClaimsOffice](https://facebook.com/HermitsPeakCalfCanyonClaimsOffice).



**FEMA**