



March 24, 2026

The Honorable Jason Smith  
Chairman  
Committee on Ways and Means  
United States House of Representatives  
Washington, DC 20515

The Honorable Richard Neal  
Ranking Member  
Committee on Ways and Means  
United States House of Representatives  
Washington, DC 20515

Dear Chairman Smith and Ranking Member Neal:

On behalf the American Association of Settlement Consultants (AASC) and our settlement consultants across the country, we write to express our sincere appreciation for your scheduling a Committee markup of the bipartisan “Survivor Justice Tax Prevention Act” (H.R. 2347), introduced by Reps. Lloyd Smucker (R-PA) and Gwen Moore (D-WI), and to highlight our strong support for this critical proposal.

AASC is committed to a vibrant, strong, and modern settlement planning industry. We promote collaboration within the settlement industry, actively encourage balanced settlement planning on behalf of our clients, and believe in integrated, common-sense solutions that prioritize protecting the needs of injured people and their families. Together, we work for public policies that strengthen our essential industry and provide meaningful benefits to the consumer, often at critical crossroads in their lives.

Along these lines, AASC has welcomed the opportunity to work closely with Reps. Smucker and Moore, with the Ways and Means Committee’s Majority and Minority staffs, and with the staffs of the Joint Committee on Taxation and the Office of Legislative Counsel, on the development and refinement of H.R. 2347. This common-sense, bipartisan fix would ensure survivors keep the full compensation they need to heal—by making non-punitive damages tax-free.

Since Congress last revisited these rules in 1996, damages awarded on account of personal physical injuries or physical sickness have been exempt from gross income for federal income tax purposes. In implementing the requirement of a “physical injury,” however, the Internal Revenue Service (“IRS”) has imposed a standard that the victim must show “observable harm” – that is, visible physical conditions, such as bruising, cuts, or bleeding – for the judgment or settlement to qualify for tax-free treatment. In our experience, this standard can be especially, and unfairly, difficult for victims to meet in circumstances of sexual assault or abuse where the associated physical injuries may not be visible or have healed due to the passage of time.

AASC believes that victims of sexual assault or abuse should not have to relive their experience in a new dispute with the IRS over whether their settlement qualifies for tax-exempt treatment. Accordingly, AASC has long supported efforts to bring more clarity to this area of the law, so that survivors of unwanted sexual touching are no longer required to demonstrate an observable bodily harm to have their compensatory damages received free of Federal income tax.

Again, AASC greatly appreciates your bipartisan leadership in facilitating the Committee's consideration of H.R. 2347, and we are deeply grateful to your colleagues Reps. Smucker and Moore for their dedicated commitment to finding common ground on this critical issue on behalf of sexual assault survivors. AASC stands ready to assist the Committee in its further efforts to ensure that this proposal is successfully enacted into law at the earliest possible opportunity.

Respectfully,

**Brian J. Schachter, Esq**  
President

**Louis E. Masry**  
Immediate Past President  
And AASC Co-Founder