

# AGENDA ITEM

54-113 MAY 13

**DATE:** May 3, 2013

**TO:** Members, Board Committee on Operations  
Members, Board of Trustees

**FROM:** Joseph Dunn, Executive Director/CEO

**SUBJECT:** SB 345 (Evans): Annual State Bar Fee Bill and Possible Legal Services Funding

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## EXECUTIVE SUMMARY

This agenda item seeks approval to support SB 345 (Evans), the State Bar's annual fee bill. In addition, this item reports back to the Board regarding the resolution adopted by the Board at its March meeting which endorsed the concept of sponsoring legislation to fund legal services through a surcharge to be added to the annual membership fee statement and also directed staff to develop a proposal for implementing that resolution, including the structure and the amount of the proposed surcharge. In response to the Board's request, staff has developed a proposal which recommends adding a \$50 opt-out surcharge to the fee bill for all licensed attorneys. This item seeks the Board's approval for an amendment to the fee bill to implement this proposal.

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## BACKGROUND

The State Bar Act (Business and Professions Code §6000 et seq.) provides for the licensure and regulation of attorneys by the State Bar of California. Section 6140 provides that the Board of Trustees shall fix the annual membership fee for active members at \$315 for the 2013 membership fee. That section is set to remain in effect only until January 1, 2014 unless extended. SB 345 would require the Board to set that same fee for 2014.

At its March meeting, the Board passed a resolution approving sponsorship of proposed legislation to fund legal services through a surcharge to be added to the annual membership fee statement and directed staff to develop a proposal to implement that resolution. The Board's action was based on the report they received at the meeting regarding the dire need for legal services funding at a time of diminishing resources and increasing need. Because the Legal Services Trust Fund Program faces a possible 40% reduction in IOLTA grants for 2014-2015, immediate action is required to avoid those reductions. Funding received from attorneys through their annual fee statement would supplement the Justice Gap Fund, which has resulted in only 4% attorney participation,

as well as the new annual State Bar contribution to legal services programs recently approved by the Board at its October 2012 meeting.

## **DISCUSSION**

Business and Professions Code section 6140 requires the Board of Trustees to fix an annual membership fee for active members of the State Bar of California. For the 2013 fee, section 6140 provides that the Board of Trustees shall fix the fee at \$315. Section 6140 will remain in effect only until January 1, 2014 unless extended. SB 345 (Evans) provides that the Board of Trustees shall fix the annual fee at \$315 for 2014, thereby extending the provisions of section 6140 through January 1, 2015.

Following the Board's direction in March, staff developed a proposal for proposed legislation to fund legal aid through a surcharge to be added to the annual membership fee statement. After extensive research and discussions with legislative representatives and other interested communities concerning the appropriate structure and amount of the proposed surcharge, staff recommends that a \$50 charge be added to the authorized fees, allowing attorneys to opt out of that contribution at their discretion. The additional funds raised by this surcharge would be used to provide financial support for nonprofit organizations providing free civil legal services to persons of limited means.

## **FISCAL / PERSONNEL IMPACT:**

Section 6140 provides the vast majority of funding for the State Bar's programs. The costs for implementing the legal services surcharge will be covered by the revenue generated.

## **RULE AMENDMENTS:**

None.

## **BOARD BOOK IMPACT:**

None.

## **RECOMMENDATION**

This agenda item recommends approval of support for SB 345, the State Bar's annual fee bill. This agenda item also recommends that the Board support an amendment to the fee bill to implement the proposal to add a \$50 opt-out surcharge for all licensed attorneys to support nonprofit organizations providing free civil legal services to persons of limited means.

### **PROPOSED BOARD COMMITTEE RESOLUTION:**

Should the Board Committee on Operations agree with the above recommendation, the following resolution would be appropriate:

**RESOLVED**, that the Board Committee on Operations recommends that the Board approve support of SB 345 (Evans); and it is

**FURTHER RESOLVED**, that the Board Committee on Operations recommends that the Board support an amendment to the fee bill to implement the proposal to add a \$50 opt-out surcharge for all licensed attorneys to support nonprofit organizations providing free civil legal services to persons of limited means.

### **PROPOSED BOARD OF TRUSTEES RESOLUTION:**

Should the Board concur with the Board Committee on Operations recommendation, the following resolution would be in order:

**RESOLVED**, that upon the recommendation of the Board Committee on Operations, the Board hereby approves support SB 345 (Evans); and it is

**FURTHER RESOLVED**, that upon the recommendation of the Board Committee on Operations the Board hereby supports an amendment to the fee bill to implement the proposal to add a \$50 opt-out surcharge for all licensed attorneys to support nonprofit organizations providing free civil legal services to persons of limited means.