

AGENDA ITEM

MAY 54-111 MAY 9 2014

DATE: April 24, 2014

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

FROM: Joseph Dunn, Executive Director/CEO

SUBJECT: Sponsorship of AB 2746 (Committee on Judiciary): Annual State Bar Fee Bill and Possible Legal Services Funding

EXECUTIVE SUMMARY

This agenda item seeks approval to sponsor AB 2746 (Committee on Judiciary), the State Bar's annual fee bill.

In addition, this item reports back to the Board regarding ongoing discussions with the Legislature regarding legal services funding. These discussions include revisiting the \$30 opt-out surcharge on the membership fee statement and review of the funding of IOLTA administration.

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 2014 membership fee. That section is set to remain in effect only until January 1, 2015 unless extended. AB 2746 would require the Board to set that same fee for 2015.

Enacted through last year's fee bill, the annual membership fee statement contains an optional \$30 surcharge to fund legal services. This was enacted to address the dire need for legal services funding at a time of diminishing resources and increasing need. Based on continuing diminished IOLTA funds due to historically low interest rates, reduced revenue from filing fees, and other factors, additional efforts should be explored to avoid further reductions in funding for legal services organizations.

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 2014 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, 2015 unless extended. AB 2746 (Committee on Judiciary) provides that the Board of Trustees shall fix the annual fee at \$315 for 2015, thereby extending the provisions of section 6140 until January 1, 2016.

Following the Board's direction in March of 2013, staff developed a proposal to fund legal services 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 recommended 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. The Assembly Judiciary Committee ultimately proposed a \$30 opt-out surcharge to be added to the fee bill, which was enacted into law.

There are currently discussions underway with the Legislature regarding other potential sources of legal services funding. Ideas that have been proposed include an increase to the optional surcharge, as well as a closer review of funding for the administration of IOLTA. At the time this agenda item was written, discussions were still ongoing as to whether either of these proposals would be inserted into the fee bill.

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 sponsorship of AB 2746, the State Bar's annual fee bill. Sponsorship of a piece of legislation means that the sponsoring entity is considered the source of the proposal and the primary stakeholder.

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 sponsorship of AB 2746 (Committee on Judiciary).

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 sponsorship of AB 2746 (Committee on Judiciary).