



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

Code: Section:

[Up^](#) [Add To My Favorites](#)

BUSINESS AND PROFESSIONS CODE - BPC

DIVISION 3. PROFESSIONS AND VOCATIONS GENERALLY [5000 - 9998.11] (*Heading of Division 3 added by Stats. 1939, Ch. 30.)*

CHAPTER 4. Attorneys [6000 - 6243] (*Chapter 4 added by Stats. 1939, Ch. 34.)*

ARTICLE 8. Revenue [6140 - 6145.1] (*Article 8 added by Stats. 1939, Ch. 34.)*

6140. (a) The board shall fix the annual license fee for active licensees for 2025 at a sum not exceeding four hundred dollars (\$400).

(b) The annual license fee for active licensees is payable on or before the date set by the State Bar, which shall not be less than 12 months from the prior year's due date. Individuals who qualify for a waiver pursuant to subdivision (b) of Section 6141.1 shall be permitted to pay fees on an installment basis, with interest and other costs directly associated with the use of an installment plan, in the manner determined by the State Bar. Additionally, if the board finds it appropriate and feasible, it may provide by rule for payment of fees on an installment basis with interest, by credit card, or by other means, and may charge licensees choosing any alternative method of payment an additional fee to defray costs incurred by that election.

(c) This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

(*Amended by Stats. 2024, Ch. 227, Sec. 16. (AB 3279) Effective January 1, 2025. Repealed as of January 1, 2026, by its own provisions.*)

6140.02. (a) The California Lawyers Association shall adopt a dues schedule for membership and shall provide that schedule to the State Bar by October 1 of each year.

(b) Payment of dues for membership in the California Lawyers Association and individual sections of the California Lawyers Association is voluntary. Each licensee of the State Bar shall have the option of joining the California Lawyers Association and one or more individual sections by including the dues set by the schedule established pursuant to subdivision (a) with that State Bar licensee's annual license fees. Any contribution or membership option included with a State Bar of California mandatory fees billing statement shall include a statement that the California Lawyers Association is not a part of the State Bar and that membership in that organization is voluntary.

(c) The State Bar shall collect, in conjunction with the collection of its annual license fees under Section 6140, membership fees for the California Lawyers Association as provided by subdivision (b) of Section 6031.5.

(d) This section is not intended to limit the California Lawyers Association membership to licensees of the State Bar or restrict the California Lawyers Association from collecting membership dues or donations by other means.

(*Amended by Stats. 2018, Ch. 659, Sec. 94. (AB 3249) Effective January 1, 2019.*)

6140.03. (a) The board shall increase each of the annual license fees fixed by Sections 6140 and 6141 by an additional forty-five dollars (\$45), to be allocated only for the purposes established pursuant to Section 6033 and subdivision (b), except to the extent that a licensee elects not to support those activities.

(b) (1) Ten dollars (\$10) of the forty-five-dollar (\$45) fee shall be allocated to qualified legal services projects or qualified support centers, as defined in Section 6213, to fund law student summer fellowships for the purpose of supporting law students interested in pursuing a career in legal services for indigent persons. The State Bar shall not make any deductions from the ten dollars (\$10) for any reason, including, but not limited to, administrative fees, costs, or expenses of the State Bar.

(2) Except as provided in paragraphs (4) and (5), funds shall be allocated pursuant to a competitive grant process administered by the Legal Services Trust Fund Commission and not through the formula set forth in Section 6216.

(3) In awarding these grants, preference shall be given to fund proposals for fellowships serving rural or underserved communities and that serve clients regardless of immigration or citizenship status.

(4) Any funds under paragraph (1) not allocated as of January 1, 2030, shall be distributed to qualified legal services projects and support centers pursuant to the formula set forth in Section 6216.

(5) The allocation described in this subdivision shall remain in effect until January 1, 2030, and after that date, the entire forty-five dollars (\$45) shall be allocated only for the purposes established pursuant to Section 6033.

(c) The invoice provided to licensees for payment of the annual license fee shall provide each licensee the option of deducting forty-five dollars (\$45) from the annual license fee if the licensee elects not to have this amount allocated for the purposes established pursuant to Section 6033.

(Amended by Stats. 2024, Ch. 227, Sec. 17. (AB 3279) Effective January 1, 2025.)

6140.05. (a) At the election of the board, the invoice provided to licensees for payment of the annual license fee may provide each licensee the option of adding up to five dollars (\$5) to the annual fee if the licensee elects to support lobbying and related activities by the State Bar outside of the parameters established by the United States Supreme Court in *Keller v. State Bar of California* (1990) 496 U.S. 1.

(b) For the support or defense of lobbying and related activities conducted by the State Bar on or after January 1, 2000, outside of the parameters of *Keller v. State Bar of California*, and in support or defense of any litigation arising therefrom, the Board of Trustees of the State Bar shall not expend a sum exceeding the amount paid by licensees pursuant to the optional increase for lobbying and related activities, as set forth in subdivision (a).

(c) As used in this section, "lobbying and related activities by the State Bar" includes the consideration of measures by the Board of Trustees of the State Bar that are deemed outside the parameters established in *Keller v. State Bar*, the purview determination, lobbying and the preparation for lobbying of the measures, and any litigation in support or defense of that lobbying.

(d) This section shall become operative on January 1, 2023.

(Repealed (in Sec. 7) and added by Stats. 2022, Ch. 419, Sec. 8. (AB 2958) Effective September 18, 2022. Operative January 1, 2023, by its own provisions.)

6140.1. (a) The State Bar annually shall submit its adopted final budget by February 28, so that the budget can be reviewed and approved in conjunction with any bill that would authorize the imposition of license fees. Each budget shall include the estimated revenues, expenditures, and staffing levels for all of the programs and funds administered by the State Bar. In addition to the final budget, the submission shall also include the proposed budget for the following year. Any bill that authorizes the imposition of license fees shall be a fiscal bill and shall be referred to the appropriate fiscal committees; provided, however, that the bill may be approved by a majority vote.

(b) The State Bar shall submit the budget documents in a form comparable to the documents prepared by state departments for inclusion in the Governor's Budget and the salaries and wages supplement. In addition, the bar shall provide supplementary schedules detailing operating expenses and equipment, all revenue sources, any reimbursements or interfund transfers, fund balances, and other related supporting documentation. The bar shall submit budget change proposals with its final budget, explaining the need for any differences between the current and proposed budgets.

(Amended by Stats. 2018, Ch. 659, Sec. 97. (AB 3249) Effective January 1, 2019.)

6140.10. (a) In addition to the fee collected pursuant to Sections 6140 and 6141, the State Bar may collect revenue to pay for lease costs associated with leasing space in the building located at 180 Howard Street, San Francisco, as follows:

(1) A fee not to exceed fifteen dollars (\$15) annually from each individual active licensee.

(2) A fee not to exceed three dollars and fifty cents (\$3.50) from each individual inactive licensee.

(b) On or before July 1, 2028, the State Bar shall transmit to the Legislature a report detailing the following:

(1) Potential options for lowering the costs associated with leasing the property at 180 Howard Street, San Francisco, including, but not limited to, the following:

(A) Strategies for subleasing space at the property at 180 Howard Street, San Francisco.

(B) Options for ending the lease at the property at 180 Howard Street, San Francisco, prior to its expiration, including the amount of money required to pay liquidated damages for ending the lease before term.

(C) Identify potential state-owned buildings in the San Francisco-Oakland-Hayward census area.

(c) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

(Added by Stats. 2024, Ch. 227, Sec. 20. (AB 3279) Effective January 1, 2025. Repealed as of January 1, 2030, by its own provisions.)

6140.11. (a) In addition to the fee collected pursuant to Sections 6140 and 6141, the State Bar may collect revenue to fund the salaries and benefits of employees of the State Bar, including benefits identified in the applicable memorandums of understandings with the bargaining units of State Bar employees, as follows:

(1) A fee not to exceed fifty-two dollars (\$52) annually from each individual active licensee.

(2) A fee not to exceed fourteen dollars (\$14) from each individual inactive licensee.

(b) The State Bar shall seek to achieve, through employee attrition only, a 15 percent vacancy rate by April 1, 2027.

(c) The State Bar shall not terminate an employee solely for the purpose of meeting the target vacancy rate specified in subdivision (b).

(d) This section shall remain in effect only until January 1, 2028, and as of that date is repealed.

(Added by Stats. 2024, Ch. 227, Sec. 21. (AB 3279) Effective January 1, 2025. Repealed as of January 1, 2028, by its own provisions.)

6140.12. The board shall complete and implement a five-year strategic plan to be updated every two years. In conjunction with the submission of the board's adopted final budget as required by Section 6140.1, the chair shall report to the Supreme Court, the Governor, and the Senate and Assembly Committees on Judiciary on the measures the board has taken to implement the strategic plan and shall indicate the measures the board will need to take in the remaining years of the strategic plan to address the projected needs contained in the plan.

(Amended by Stats. 2018, Ch. 659, Sec. 98. (AB 3249) Effective January 1, 2019.)

6140.13. (a) In addition to the fee collected pursuant to Sections 6140 and 6141, the State Bar may collect revenue not to exceed the actual cost of administering compliance reviews and audits of client trust accounts, as follows:

(1) A fee not to exceed five dollars and fifty cents (\$5.50) annually from each individual active licensee.

(2) A fee not to exceed one dollar and twenty-five cents (\$1.25) from each individual inactive licensee.

(b) This section shall remain in effect only until January 1, 2029, and as of that date is repealed.

(Added by Stats. 2024, Ch. 227, Sec. 22. (AB 3279) Effective January 1, 2025. Repealed as of January 1, 2029, by its own provisions.)

6140.14. (a) In addition to the fee collected pursuant to Sections 6140 and 6141, the State Bar may collect revenue not to exceed the actual cost of the pilot programs to fund the disciplinary diversion programs, as described in the report to the Legislature submitted pursuant to Section 6145.1, as follows:

(1) A fee not to exceed five dollars and fifty cents (\$5.50) annually from each individual active licensee.

(2) A fee not to exceed one dollar and twenty-five cents (\$1.25) from each individual inactive licensee.

(b) On or before April 1, 2027, the State Bar shall transmit to the Legislature a report detailing the following:

(1) The number of attorneys referred to the diversion program.

(2) The number of complaints resulting in a referral to the diversion program.

(3) The rate of reoffending by attorneys referred to the diversion program.

(4) The total reduction in caseload for the Office of Chief Trial Counsel resulting from the pilot disciplinary diversion program.

(c) This section shall remain in effect only until January 1, 2029, and as of that date is repealed.

(Added by Stats. 2024, Ch. 227, Sec. 23. (AB 3279) Effective January 1, 2025. Repealed as of January 1, 2029, by its own provisions.)

6140.16. (a) To align its staffing with its mission to protect the public as provided in Section 6001.1 and to provide guidance to the State Bar and the Legislature in allocating resources, the State Bar shall develop and implement a workforce plan for its discipline system and conduct a public sector compensation and benefits study. The workforce plan and compensation study shall be used to reassess the numbers and classifications of staff required to conduct the activities of the State Bar's disciplinary activities.

(b) The workforce planning shall include the development and recommendation of an appropriate backlog goal, an assessment of the staffing needed to achieve that goal while ensuring that the discipline process is not compromised, and the creation of policies and procedures sufficient to provide adequate guidance to the staff of each unit within the discipline system.

(c) In addition to the requirements in subdivisions (a) and (b), the State Bar shall conduct a thorough analysis of its priorities and necessary operating costs and develop a spending plan, which includes its fund balances, to determine a reasonable amount for the annual license fee that reflects its actual or known costs and those to implement its workforce plan.

(d) The State Bar shall submit a report on its workforce plan and spending plan to the Legislature by May 15, 2016, so that the plans can be reviewed in conjunction with the bill that would authorize the imposition of the State Bar's license fee. The report shall be submitted in compliance with Section 9795 of the Government Code. The State Bar shall complete and implement its workforce plan by December 31, 2016.

(Amended by Stats. 2018, Ch. 659, Sec. 99. (AB 3249) Effective January 1, 2019.)

6140.2. The State Bar shall set as a goal the improvement of its disciplinary system so that no more than six months will elapse from the receipt of complaints to the time of dismissal, admonishment of the attorney involved, or the filing of formal charges by the State Bar Office of Trial Counsel. As to complaints designated as complicated matters by the Chief Trial Counsel, it shall be the goal and policy of the State Bar to dismiss a complaint, admonish the attorney, or have the State Bar Office of Trial Counsel file formal charges within 12 months after it receives a complaint alleging attorney misconduct.

(Amended by Stats. 2021, Ch. 723, Sec. 7. (SB 211) Effective January 1, 2022.)

6140.37. The State Bar shall have a preference for using in-house employees for information technology projects, whenever possible. Nothing in this section shall be read to be inconsistent with any memorandum of understanding between the State Bar and the recognized employee organizations or any relevant principles of labor law.

(Added by Stats. 2010, Ch. 2, Sec. 3. (SB 55) Effective January 25, 2010.)

6140.5. (a) The board shall establish and administer a Client Security Fund to relieve or mitigate pecuniary losses caused by the dishonest conduct of licensees of the State Bar, foreign legal consultants registered with the State Bar, and attorneys registered with the State Bar under the Multijurisdictional Practice Program, arising from or connected with the practice of law. Any payments from the fund shall be discretionary and shall be subject to regulation, conditions, and rules as the board shall prescribe. The board may delegate the administration of the fund to the State Bar Court, or to any board or committee created by the board of trustees.

(b) Upon making a payment to a person who has applied to the fund for payment to relieve or mitigate pecuniary losses caused by the dishonest conduct of a licensee, the State Bar is subrogated, to the extent of that payment, to the rights of the applicant against any person or persons who, or entity that, caused the pecuniary loss. The State Bar may bring an action to enforce those rights within three years from the date of payment to the applicant.

(c) Any licensee whose actions have caused the payment of funds to an applicant from the Client Security Fund shall owe those funds to the State Bar and reimburse the Client Security Fund for all moneys paid out as a result of the licensee's conduct with interest, in addition to payment of the assessment for the procedural costs of processing the claim. The State Bar may collect any money paid out by the Client Security Fund pursuant to this subdivision through any means provided by law. The licensee's obligation to reimburse the Client Security Fund pursuant to this section is imposed as a penalty, payable to and for the benefit of the State Bar of California, a public corporation created pursuant to Article VI of the California Constitution, to promote rehabilitation and protect the public. This subdivision is declaratory of existing law.

(d) For a publicly reprovved or suspended licensee, the reimbursed amount by the Client Security Fund, plus applicable interest and costs, shall be paid as a condition of continued practice. This amount shall be added to and become a part of the license fee of a publicly reprovved or suspended licensee unless time for payment is extended or otherwise modified.

(e) For a licensee who resigns with disciplinary charges pending or a licensee who is resigned or disbarred, the reimbursed amount by the Client Security Fund, plus applicable interest and costs, shall be paid as a condition of applying for reinstatement of the licensee's license to practice law or return to active license status.

(f) Any assessment against an attorney pursuant to subdivision (c) that is part of an order imposing a public reprovval on a licensee or is part of an order imposing discipline or accepting a resignation with a disciplinary matter pending, or any reimbursed amount that is part of a final determination by the Client Security Fund, may also be enforced as a money judgment. This subdivision does not limit the power of the Supreme Court to alter the restitution amount owed pursuant to an order imposing public reprovval on a licensee or an order imposing discipline or accepting a resignation with a disciplinary matter pending, or to authorize the State Bar Court to do the same.

(g) To obtain a money judgment pursuant to subdivision (f) that is not part of a court order imposing a public reprovval on a licensee or is not part of a court order imposing discipline or accepting a resignation with a disciplinary matter pending, the State Bar shall file a certified copy of the Notice of Payment of the Client Security Fund with the clerk of the superior court of any county. The clerk shall

immediately enter judgment in conformity with the Notice of Payment. The judgment shall have the same force and effect as a judgment in a civil action and may be enforced in the same manner as any other judgment.

(h) The defense of laches shall not be raised by the licensee whose actions have caused the payment of funds to an applicant from the Client Security Fund with respect to any payment owed to the State Bar, or with respect to any collections efforts by the State Bar for those payments.

(i) Judicial review of a decision to approve or deny, in whole or in part, an application for reimbursement from the Client Security Fund may be had by filing a petition for a writ of administrative mandamus pursuant to Section 1094.5 of the Code of Civil Procedure within 90 days after the date the decision was served. This subdivision is declaratory of existing law.

(j) Subdivisions (c), (f), and (h) have, and shall have, retroactive application, as well as prospective application.

(k) (1) A licensee may be granted relief, in whole or in part, from any payment obligation under subdivision (c), including compromise of any money judgment, or may be granted an extension of time to pay, at the discretion of the State Bar, upon grounds of hardship, special circumstances, or other good cause.

(2) Notwithstanding subdivision (c), 50 percent of the collections received during the 2025 calendar year shall be deposited in the Client Security Fund and 50 percent shall be deposited in the State Bar's general fund.

(l) As used in this section, "licensee" shall include a foreign legal consultant registered with the State Bar.

(Amended by Stats. 2024, Ch. 227, Sec. 18. (AB 3279) Effective January 1, 2025.)

6140.55. (a) The board may increase the annual license fees fixed by it pursuant to Section 6140 by an additional amount per active licensee not to exceed forty dollars (\$40), and the annual license fees fixed by it pursuant to Section 6141 by an additional amount per inactive licensee not to exceed ten dollars (\$10), in any year, the additional amount to be applied only for the purposes of the Client Security Fund and the costs of its administration, including, but not limited to, the costs of processing, determining, defending, or insuring claims against the fund.

(b) Notwithstanding subdivision (a), the board may disburse to the State Bar's general fund two million dollars (\$2,000,000) from the Client Security Fund as reimbursement for funds provided to the Client Security Fund from the State Bar's general fund in 2017 and the legislative activities fund in 2016.

(c) This section shall be operative on January 1, 2025.

(Amended (as added by Stats. 2023, Ch. 697, Sec. 25) by Stats. 2024, Ch. 227, Sec. 19. (AB 3279) Effective January 1, 2025.)

6140.56. (a) To ensure that the Client Security Fund can adequately protect the public and relieve or mitigate financial losses caused by the dishonest conduct of licensees of the State Bar by paying claims in a timely manner, the State Bar shall conduct a thorough analysis of the Client Security Fund, including a review of the State Bar's oversight of the Client Security Fund, to ensure that the structure provides for the most effective and efficient operation of the fund, a determination of the ongoing needs of the fund to satisfy claims in a timely manner, a review of additional efforts that can be taken to increase the collection of payments from the responsible attorneys, and a review of other State Bar expenditures to determine whether other expenditures that do not directly impact the State Bar's public protection functions, including, but not limited to, executive salaries and benefits, can be reduced or redirected in order to better fund the Client Security Fund through existing revenue, and, whether, after all other options have been fully and thoroughly exhausted, an increase in license fees is necessary to ensure that the Client Security Fund can timely pay claims.

(b) The State Bar shall submit a report on its analysis of the Client Security Fund to the Legislature by March 15, 2018, so that the plans can be reviewed in conjunction with the bill that would authorize the imposition of the State Bar's license fee. The report shall be submitted in compliance with Section 9795 of the Government Code.

(c) For purposes of this section, "timely manner" means within 12 months from either the time the claim is received by the State Bar or the resolution of the underlying discipline case involving an attorney licensee that is a prerequisite to paying the claim, whichever is later.

(Amended by Stats. 2018, Ch. 659, Sec. 102. (AB 3249) Effective January 1, 2019.)

6140.6. The board may increase the annual license fees fixed by Sections 6140 and 6141 by an additional amount not to exceed twenty-five dollars (\$25) to be applied to the costs of the disciplinary system.

(Amended by Stats. 2018, Ch. 659, Sec. 103. (AB 3249) Effective January 1, 2019.)

6140.7. Costs assessed against a licensee publicly reprimanded or suspended, where suspension is stayed and the licensee is not actually suspended, shall be added to and become a part of the license fee of the licensee, for the next calendar year. Unless time for payment of discipline costs is extended pursuant to subdivision (c) of Section 6086.10, costs assessed against a licensee who

resigns with disciplinary charges pending or by a licensee who is actually suspended or disbarred shall be paid as a condition of applying for reinstatement of his or her license to practice law or return to active license status.

(Amended by Stats. 2018, Ch. 659, Sec. 104. (AB 3249) Effective January 1, 2019.)

6140.8. (a) Any order imposing upon a licensee public reproof, discipline, or accepting a resignation with a disciplinary matter pending, in which the licensee is ordered to pay restitution is enforceable as a money judgment by the payee. In the entry or enforcement of any money judgment based on such order, the payee shall reduce the amount owed by the licensee to the payee by any reimbursement received by the payee from the Client Security Fund or by any amount received as criminal restitution ordered pursuant to subdivision (f) of Section 1202.4 of the Penal Code, or by the combined amount, if applicable.

(b) A money judgment entered pursuant to this section shall not affect the right of a payee to file an application with the Client Security Fund to recover any portion of the subject restitution as provided by Section 6140.5, or as otherwise provided by law.

(c) A payee or other applicant who files an application with the Client Security Fund has an ongoing obligation to inform the Client Security Fund as to any payment recovered directly or indirectly from the attorney or any other source.

(d) To the extent that a payee or other applicant has already collected on any portion of the loss, the Client Security Fund may reduce any qualifying reimbursable amount by the amount collected.

(e) To the extent that the Client Security Fund reimburses a payee or other applicant, as provided in Section 6140.5, the licensee or former licensee shall reimburse the Client Security Fund for that payment.

(f) As used in this section, "payee" means an individual or entity who is identified as the beneficiary of restitution in any order imposing upon a licensee public reproof, discipline, or accepting a resignation with a disciplinary matter pending, in which the licensee is ordered to pay restitution to such individual or entity.

(Added by Stats. 2020, Ch. 360, Sec. 10. (AB 3362) Effective January 1, 2021.)

6140.9. (a) Moneys for the support of the program established pursuant to Article 15 (commencing with Section 6230), treatment services for those who cannot afford to pay, and related programs approved by the committee established pursuant to Section 6231 shall be paid in whole or part by a fee of ten dollars (\$10) per active licensee per year, and by a fee of five dollars (\$5) per inactive licensee per year, except that for 2020 only, the fee shall be one dollar (\$1) per active licensee and zero dollars (\$0) per inactive licensee. The State Bar is not required to expend any additional funds to either support those programs or to provide treatment services for those who cannot afford to pay.

(b) On and after January 1, 2019, one dollar (\$1) of the ten-dollar (\$10) fee paid by each active licensee pursuant to subdivision (a) shall be transferred by the State Bar to a statewide nonprofit corporation established by attorneys that has, for the last 25 years or more, provided peer support to attorneys recovering from alcohol and substance abuse in a confidential and anonymous manner, to fund the support of recovery efforts of the nonprofit corporation. In 2020 only, the statewide nonprofit corporation shall receive the one-dollar (\$1) fee paid by each active licensee.

(c) Any nonprofit corporation that receives funds pursuant to subdivision (b) shall submit an annual report to the State Bar accounting for the use of the funds. The report shall be submitted to the State Bar no later than March 1, 2020, and no later than March 1 of each year thereafter. The report shall include, but not be limited to, the following:

(1) An accounting of all receipts and expenditures of the funds.

(2) The balance of the funds as of the end of the previous calendar year.

(3) A brief narrative describing the goals of the work supported by the expenditures.

(4) A summary of the number of clients served, the modality of treatment, and any outcome data on the impact of the treatment.

(d) The board may seek alternative sources for funding the program. Any excess funds not needed to support the program, including reserve funds, may be transferred to fund the Client Security Fund established pursuant to Section 6140.5, provided there are sufficient funds available to fully support the program.

(e) This section shall become operative on January 1, 2025.

(Repealed (in Sec. 26) and added by Stats. 2023, Ch. 697, Sec. 27. (SB 40) Effective January 1, 2024. Operative January 1, 2025, by its own provisions.)

6141. (a) The board shall fix the annual license fee for inactive licensees at a sum not exceeding one hundred dollars (\$100). The annual license fee for inactive licensees for 2025 is payable on or before the first day of February of each year. The annual license fee for active licensees is payable on or before the date set by the State Bar, which shall not be less than 12 months from the prior year's due date.

(b) An inactive licensee shall not be required to pay the annual license fee for inactive licensees for any calendar year following the calendar year in which the licensee attains 70 years of age.

(c) This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

(Amended by Stats. 2024, Ch. 227, Sec. 24. (AB 3279) Effective January 1, 2025. Repealed as of January 1, 2026, by its own provisions.)

6141.1. (a) The payment by any licensee of the annual license fee, any portion thereof, or any penalty thereon, may be waived by the board as it may provide by rule. The board may require submission of recent federal and state income tax returns and other proof of financial condition as to those licensees seeking waiver of all or a portion of their fee or penalties on the ground of financial hardship.

(b) The board shall adopt a rule or rules providing that an active licensee who can demonstrate total gross annual individual income from all sources of less than sixty thousand four hundred and seventy-eight dollars and thirty-five cents (\$60,478.35), which is reflective of the previous limit adjusted for 20 years of inflation pursuant to the Consumer Price Index, shall presumptively qualify for a waiver of 25 percent of the annual license fee.

(Amended by Stats. 2019, Ch. 698, Sec. 15. (SB 176) Effective January 1, 2020.)

6141.3. (a) Except as provided in subdivision (b), the State Bar shall provide offers of discounts and other benefits to active and inactive licensees of the State Bar, including, but not limited to, insurance and noninsurance affinity programs, until December 31, 2018, and insurance affinity programs only, after December 31, 2018. Any revenue generated by these programs shall be used as follows:

(1) For all revenue received from January 1, 2018, until December 31, 2018, 50 percent of the revenue shall be used to assist the California Lawyers Association in transitioning to an independent entity, 25 percent of the revenue shall be distributed to qualified legal services projects and support centers as provided in Section 6216, and 25 percent shall be used to support the discipline functions of the State Bar or to support the Client Security Fund.

(2) For all revenue received on and after January 1, 2019, until December 31, 2019, 50 percent of the revenue shall be distributed to qualified legal services projects and support centers as provided in Section 6216, and 50 percent of the revenue shall be used to support the discipline functions of the State Bar or to support the Client Security Fund.

(b) Notwithstanding subdivision (a), if approved by the board of trustees, California ChangeLawyers, and Cal Bar Affinity, a subsidiary of California ChangeLawyers, the State Bar may transfer administration of the programs offering discounts and other benefits to active and inactive licensees of the State Bar under subdivision (a) to Cal Bar Affinity provided that any revenue received, less the administrative costs of the State Bar and Cal Bar Affinity in operating the programs, up to a maximum of 12 percent of the revenue received, and less the taxes incurred by Cal Bar Affinity in operating the programs, shall be distributed as follows from January 1, 2019, until December 31, 2019:

(1) All of the revenue received from the noninsurance affinity programs shall be kept by California ChangeLawyers, which shall distribute 50 percent of that revenue to support the programs of California ChangeLawyers and 50 percent of that revenue to qualified legal services projects and support centers as provided in Section 6216.

(2) For all revenue received from the insurance affinity programs, 50 percent of the revenue shall be kept by California ChangeLawyers, which shall distribute 50 percent of that revenue to support the programs of California ChangeLawyers and 50 percent of that revenue to qualified legal services projects and support centers in accordance with the formula provided in Section 6216, and 50 percent of the revenue shall be used to support the discipline functions of the State Bar or to support the Client Security Fund.

(c) If approved by the California Lawyers Association, California ChangeLawyers, and Cal Bar Affinity, and provided the California Lawyers Association complies with the requirement in subdivision (e), all revenue received from the noninsurance affinity programs and the insurance affinity programs, less the administrative costs of the State Bar and Cal Bar Affinity in operating the programs, up to a maximum of 12 percent of the revenue received, and the taxes incurred by Cal Bar Affinity in operating the programs, shall be distributed as follows on and after January 1, 2020:

(1) The first one hundred fifty thousand dollars (\$150,000) of revenue received in 2020 and the first one hundred fifty thousand dollars (\$150,000) received in 2021 shall go to the California Commission on Access to Justice, payable as follows:

(A) Seventy-five thousand dollars (\$75,000) shall be paid on or before March 31, 2020, and seventy-five thousand dollars (\$75,000) shall be paid on or before June 30, 2020.

(B) Thirty-seven thousand five hundred dollars (\$37,500) shall be paid on or before March 31, 2021, thirty-seven thousand five hundred dollars (\$37,500) shall be paid on or before June 30, 2021, thirty-seven thousand five hundred dollars (\$37,500) shall

be paid on or before September 30, 2021, and thirty-seven thousand five hundred dollars (\$37,500) shall be paid on or before December 31, 2021.

(2) Any additional revenue shall be distributed as follows:

(A) One-third of the remaining revenue shall go to California ChangeLawyers.

(B) One-third of the remaining revenue shall go to the California Lawyers Association or an affiliated 501(c)(3) organization to support their respective diversity, equity and inclusion, access to justice, and civic engagement efforts.

(C) One-third of the remaining revenue shall go to California ChangeLawyers, which shall distribute that revenue to qualified legal services projects and support centers in accordance with the formula provided in Section 6216. However, in any year, a qualified legal services project or support center, as defined in Section 6213, may elect in writing to direct their allocation for that year to California ChangeLawyers for fellowships for law students and law graduates at qualified legal services projects and support centers. California ChangeLawyers shall utilize a competitive grant application process for determining grant awards. In awarding these statewide grants, preference shall be given to qualified legal services projects or support centers that serve rural or underserved communities and that serve clients regardless of immigration or citizenship status. The minimum grant amount shall be ten thousand dollars (\$10,000).

(d) Given the public protection mission of the State Bar, the Legislature finds that it would be inappropriate for the State Bar to administer the program on a long-term basis. Therefore, should the program continue to operate after December 31, 2018, it is the intent of the Legislature that the program be administered by an entity other than the State Bar.

(e) If the California Lawyers Association elects to accept any share of the affinity funds revenue under this section, the California Lawyers Association shall not create or operate, or participate in the creation or operation, or otherwise solicit its members, or arrange to have its members solicited, for any affinity or royalty program involving similar insurance or noninsurance products or services with a percentage or share of costs being distributed to the California Lawyers Association, other than as provided in this section. If the California Lawyers Association creates or operates, or participates in the creation or operation, or otherwise solicits its members, or arranges to have its members solicited for any affinity or royalty program involving the sale of insurance or noninsurance products or services with a percentage or share of costs being distributed to the California Lawyers Association, all funds that would have been provided to the California Lawyers Association from affinity or royalty programs that transferred from the State Bar or are similar to programs that transferred from the State Bar shall be provided to California ChangeLawyers, which shall distribute 50 percent of that revenue to support the programs of California ChangeLawyers and 50 percent of that revenue to qualified legal services projects and support centers as provided in subparagraph (C) of paragraph (2) of subdivision (c) of this section.

(Amended by Stats. 2021, Ch. 723, Sec. 9. (SB 211) Effective January 1, 2022.)

6142. Upon the payment of the annual license fees, including any costs imposed pursuant to Section 6140.7, and penalties imposed pursuant to Section 6143, each licensee shall receive a certificate issued under the direction of the board evidencing the payment.

(Amended by Stats. 2018, Ch. 659, Sec. 109. (AB 3249) Effective January 1, 2019.)

6143. Any licensee, active or inactive, failing to pay any fees, penalties, or costs after they become due, and after two months written notice of his or her delinquency, shall have his or her license suspended.

The licensee may be reinstated upon the payment of accrued fees or costs and such penalties as may be imposed by the board, not exceeding double the amount of delinquent fees, penalties, or costs.

(Amended by Stats. 2018, Ch. 659, Sec. 110. (AB 3249) Effective January 1, 2019.)

6143.5. Any licensee, active or inactive, failing to pay any child support after it becomes due shall be subject to Section 17520 of the Family Code.

(Amended by Stats. 2018, Ch. 659, Sec. 111. (AB 3249) Effective January 1, 2019.)

6144. (a) All fees shall be paid into the treasury of the State Bar, and, when so paid, shall become part of its funds.

(b) Notwithstanding subdivision (a) and consistent with the reimbursement requirement under Section 6031.5, all fees paid pursuant to Section 6140.02 shall be paid by the State Bar to the Association, and, when paid, shall become part of the funds of the Association.

(Amended by Stats. 2017, Ch. 422, Sec. 34. (SB 36) Effective January 1, 2018.)

6144.1. (a) The net proceeds from the sale of real property, after payment of obligations and encumbrances and reasonable costs of acquiring and relocating its facilities, if any, shall be held by the State Bar without expenditure or commitment for any purpose until approved by the Legislature by statute. The net proceeds from the lease of real property, after payment of obligations and encumbrances and reasonable costs of acquiring and relocating its facilities, if any, shall be used by the State Bar for the protection of the public.

(b) Notwithstanding subdivision (a), the net proceeds from the sale of the State Bar's San Francisco office building, after payment of obligations and encumbrances and the minimally reasonable costs of acquiring and relocating its facilities, if any, may be utilized by the State Bar to cover employee salaries, and to cover operational costs associated with the State Bar's discipline system and administration of the biannual admissions exam.

(c) All proceeds expended not consistent with subdivision (b) shall be held by the State Bar without expenditure or commitment for any purpose until approved by the Legislature by statute.

(Amended by Stats. 2023, Ch. 697, Sec. 29. (SB 40) Effective January 1, 2024.)

6144.5. It is the intent of the Legislature to confirm, validate, and declare effective the annual license fees, and all augmentations, including, but not limited to, those made under Sections 6140.3 and 6140.6, fixed and collected by the board for 1990, and all other acts arising from and related thereto.

(Amended by Stats. 2018, Ch. 659, Sec. 112. (AB 3249) Effective January 1, 2019.)

6145. (a) The board shall engage the services of an independent national or regional public accounting firm with at least five years of experience in governmental auditing for an audit of its financial statement for each fiscal year. The financial statement shall be promptly certified under oath by the chief financial officer of the State Bar, and a copy of the audit and financial statement shall be submitted annually, on or before May 31, to the board, to the Chief Justice of the Supreme Court, and to the Assembly and Senate Committees on Judiciary.

The audit also shall examine the receipts and expenditures of the State Bar to ensure that the funds collected on behalf of the Conference of Delegates of California Bar Associations as the independent successor entity to the former Conference of Delegates of the State Bar are conveyed to that entity, that the State Bar has been paid or reimbursed for the full cost of any administrative and support services provided to the successor entity, including the collection of fees or donations on its behalf, and that no mandatory fees are being used to fund the activities of the successor entity.

In selecting the accounting firm, the board shall consider the value of continuity, along with the risk that continued long-term engagements of an accounting firm may affect the independence of that firm.

(b) The board shall contract with the California State Auditor's Office to conduct a performance audit of the State Bar's operations from July 1, 2000, to December 31, 2000, inclusive. A copy of the performance audit shall be submitted by May 1, 2001, to the board, to the Chief Justice of the Supreme Court, and to the Assembly and Senate Committees on Judiciary.

Every two years thereafter, the board shall contract with the California State Auditor's Office to conduct a performance audit of the State Bar's operations for the respective fiscal year, commencing with January 1, 2002, to December 31, 2002, inclusive. A copy of the performance audit shall be submitted within 120 days of the close of the fiscal year for which the audit was performed to the board, to the Chief Justice of the Supreme Court, and to the Assembly and Senate Committees on Judiciary.

For the purposes of this subdivision, the California State Auditor's Office may contract with a third party to conduct the performance audit. This subdivision is not intended to reduce the number of audits the California State Auditor's Office may otherwise be able to conduct.

(c) (1) For the 2023 audit required pursuant to subdivision (b), the California State Auditor's Office shall conduct a performance audit of the State Bar as set forth in this subdivision. The State Bar shall provide technical assistance, data, or information as requested by the California State Auditor. It is the intent of the Legislature that this audit may be reviewed in conjunction with the legislation that authorizes the State Bar's licensing fee in 2023.

(2) The audit shall evaluate each program or division of the State Bar receiving support from the annual State Bar licensing fees and other fees required of active and inactive licensees.

(3) The audit shall, at minimum, include all of the following for each program or division described by paragraph (2):

(A) An assessment of how much fee revenue, staff, and resources are currently budgeted and subsequently expended to perform existing tasks and responsibilities.

(B) An assessment of whether the State Bar has appropriate program performance measures in place and how these measures are used for budgeting purposes.

(C) An assessment of the usage of any real property sold by the State Bar.

(D) A review of the State Bar's cost allocation plan used to allocate administrative costs.

(E) A review of any proposals for additional funding or resources requested by the State Bar to determine whether these proposals are necessary to meet the State Bar's public protection function, as well as the accuracy of identified associated funding needs, after reviewing how existing resources are used.

(F) A calculation of how much fee revenue would be needed from each State Bar active and inactive licensee to fully offset State Bar costs to perform existing tasks and responsibilities and to support additional proposed expenditures determined to be necessary to meet the State Bar's public protection function. This calculation shall take into account any proposed business process reengineering, reallocations, or efficiencies identified by the California State Auditor.

(4) The audit shall include an evaluation of how the State Bar administers discipline cases that require an outside investigator or prosecutor and how that process can be improved, including the cost-effectiveness and timeliness of such investigations and prosecutions.

(5) The audit required by this subdivision shall be submitted by April 15, 2023, to the board of trustees, the Chief Justice of the Supreme Court, and to the Assembly and Senate Committees on Judiciary.

(6) The State Bar shall use existing resources to reimburse the California State Auditor's Office for the costs of conducting the audit required by this subdivision.

(Amended by Stats. 2023, Ch. 697, Sec. 30. (SB 40) Effective January 1, 2024.)

6145.1. (a) (1) The California State Bar shall prepare a report providing written justification for how it would use revenue generated by an increase in the mandatory annual license fee authorized by Section 6140 for active licensees and Section 6141 for inactive licensees. It is the intent of the Legislature to review this report in conjunction with legislation authorizing the State Bar's licensing fee in 2025.

(2) This report shall include the State Bar's calculation of the necessary fee increase to maintain its existing operations and service levels and provide clear justification for any differences from the amounts calculated by the California State Auditor in its April 2023 audit.

(3) This report shall also include the State Bar's assessment of all programs and activities that require additional support from the annual license fee. For each program and activity, this assessment shall include all of the following:

(A) A detailed description of the program and activity.

(B) The projected, budgeted, and actual expenditures in 2023, 2024, and 2025 assuming no increase in the annual fee.

(C) The estimated deficit and the reason for the deficit.

(D) What aspects of the programs or activities would not be achievable if a fee increase was not provided.

(E) Complete, actual data for 2023.

(4) This report shall also include information on how the State Bar proposes to use any potential additional funding resulting from any potential increase in the mandatory annual license fee. Specifically, for every twenty-five-dollar (\$25) incremental increase in the mandatory annual license fee for active licensees and corresponding six dollars and twenty-five-cent (\$6.25) incremental increase in the mandatory annual license fee for inactive licenses the State Bar shall report, at a minimum, the following:

(A) The total amount of revenue estimated to be generated from the incremental increase.

(B) A description of which State Bar programs and activities would be funded by the revenue generated from the incremental increase and any recent major operational or procedural changes implemented in those programs and activities.

(C) In cases where a program or activity identified pursuant to paragraph (3) is proposed to receive funding, detailed justification for the amount of funding proposed to be used to support the program or activity, how that amount was calculated along with any key assumptions made, what outcomes are expected to be achieved, and what, if any, deficit would remain for the activity or program along with what aspects of the activity or program would be unachievable due to the deficit. This

justification shall also clearly specify the extent to which the funding is or will be used to complete business process reengineering, improve processes, or improve efficiencies.

(5) The information provided pursuant to paragraph (4) shall reflect the State Bar's actual planned use of the funding for each potential incremental increase and the State Bar shall not assume that it may redirect the funding for other purposes should an increase in the annual fee be approved.

(6) This report shall be submitted no later than April 1, 2024, to the board of trustees, the Chief Justice of the Supreme Court, and the Assembly and Senate Committees on Judiciary.

(b) In addition to the report required by subdivision (a), the State Bar shall provide a progress report on the Office of Chief Trial Counsel's case processing standards, which shall be submitted pursuant to paragraph (6) of subdivision (a). This progress report shall include, but is not limited to, the following:

(1) The status of changes made to case disciplinary processes and an assessment of how those changes are impacting case processing times.

(2) A discussion of how concerns related to operational efficiency raised by the California State Auditor and the Legislative Analyst's Office have been addressed or are planned to be addressed.

(3) An assessment of how recent case processing times compare to the State Bar's proposed average case processing standards. This assessment shall also include data on the timeliness of the completion of the hearing stage in order to provide a comprehensive picture of case processing times.

(4) An assessment of how recent case processing times compare to the State Bar's proposed backlog standards, as well as the proposed standards calculated using pending rather than closed workload as discussed by the Legislative Analyst's January 2023 report.

(Added by Stats. 2023, Ch. 697, Sec. 31. (SB 40) Effective January 1, 2024.)