

IN THE SUPREME COURT OF THE STATE OF CALIFORNIA

**SECOND SUPPLEMENTAL SUBMISSION CONCERNING
METHODOLOGY OF OPTIONS FOR A SPECIAL REGULATORY
ASSESSMENT TO FUND THE STATE BAR IN 2017**

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PREPARED BY

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The State Bar of California submits this Second Supplemental Submission to amend the Supplemental Submission Concerning Methodology for Options for a Special Regulatory Assessment to Fund the State Bar to request authorization to allow for fee scaling and fee waivers. (Bus. & Prof. Code § 6141.1; Rules of the State Bar, rules 2.15 and 2.16.) As noted in Appendix F, footnote 20, of its original Request of the State Bar of California for Special Regulatory Assessment, an adjustment is necessary to account for the combined net negative revenue impact of fee scaling and waiver allowances. Based on an analysis of historical data related to the revenue impact caused by scaling and waiver requests granted in 2015 and 2016 as outlined in the table below, the State Bar estimates that an upward adjustment of 1.9% to the assessment options is needed.

	2015		2016	
	No. of Members and Revenue Loss¹		No. of Members and Revenue Loss	
Fee Scaling (25% reduction)	12,800	\$1,056,000	12,000	\$990,000
Fee Waiver (50% reduction)	365	\$60,225	300	\$49,500
Total Revenue Loss		\$1,116,225		\$1,039,500
Two-Year Average Revenue Loss	\$1,077,862			
Two-Year Average Revenue Loss as % of Total Mandatory Fee Revenue²	\$1,077,862/\$56,400,000 = 1.9%			

¹ Numbers reflect number of members taking advantage of scaling or waiver options and the corresponding revenue loss. Only Unconsolidated General Fund (UGF) revenue losses are reflected; scaling and waiver reductions are also applied to the Client Security Fund and the Lawyer Assistance Program fund.

² See Appendix F, page 2, of the State Bar's Request for Special Regulatory Assessment for an overview of UGF revenue categories. Fee scaling and waivers are only applied to the Mandatory Revenue category.

Application of the 1.9 percent fee scaling and waiver variance to the assessment options outlined in the November 9, 2016, Special Master’s Report is reflected in the following table:

Assessment Options	Special Master Identified Assessment	Modified Assessment, Reflecting Impact of Scaling and Waivers
<i>In re Attorney</i> Discipline Functions Only	\$278	\$283
Expanded Discipline Functions	\$283	\$288
All Public Protection Functions	\$296	\$302

Dated: November 16, 2016

Respectfully submitted,

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By: _____/s/_____
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