

Department of Planning and Budget

2014 Fiscal Impact Statement

1. Bill Number: SB7ER

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron: Stuart

3. Committee: Passed Both Houses

4. Title: Clients' Protection Fund; repeals sunset provision on Supreme Court's authority to adopt rules.

5. Summary: Extends the sunset provision on the Supreme Court's authority to adopt rules assessing members of the Virginia State Bar an annual fee of up to \$25 to be deposited in the Clients' Protection Fund until July 1, 2020.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Final (see Item #8)

8. Fiscal Implications: The Client's Protection Fund ("CPF") was established to help people who have suffered a financial loss because of the dishonest conduct of a Virginia lawyer. Currently, the CPF is funded by a \$25 assessment on each active member of the Virginia State Bar. The assessment was established to provide a reliable dedicated source of revenue for the fund through periods of high claims and low investment income periods.

In March of 2013, an actuarial study of the CPF was completed and it showed that if the \$25 annual assessment is continued, the fund will decrease moderately over time. However, the study also showed that if the \$25 annual assessment is discontinued effective June 30, 2015, the fund will decline rapidly over time and the Virginia State Bar's ability to provide adequate public protection would be significantly impacted.

Under the proposed legislation, the current sunset provision would be extended until July 1, 2020, thereby allowing the CPF to assess \$25 beyond July 1, 2015.

9. Specific Agency or Political Subdivisions Affected: Virginia State Bar

10. Technical Amendment Necessary: No

11. Other Comments: None