

TO: WSBA Board of Governors

FROM: Dan Clark, Treasurer
Jean McElroy, Chief Regulatory Counsel

DATE: June 15, 2020

RE: Hardship Fee Exemption Bylaw, Art III.I.5 - Proposed Amendment To Permit Exemption to Be Granted Up To Two Times For Qualifying Active Members – **Second Reading/Action**

FOR SECOND READING/ACTION: Discussion and action on proposed amendments to WSBA Bylaws (Art.III.I.5) designed to increase to two the number of times Active members can receive a hardship exemption from paying annual license fees.

BACKGROUND

This item is on the agenda for Second Reading and Action, as required by the WSBA Bylaws for proposed Bylaw amendments. This proposed amendment was reviewed and approved by the Budget and Audit Committee at its January 15, 2020, special meeting, for presentation to the full Board of Governors for consideration. It was on for First Reading at the March 19, 2020, Board of Governors meeting. No input has been received since that date.

The WSBA Bylaws, at Art.III.I.5, contain a provision that permits the Executive Director to grant Active members an exemption from paying the annual license fee if the members file a request certifying that they meet the qualifying requirements (“current annual household income equal to or less than 200% of the federal poverty level as determined based on the member’s household income for the calendar year immediately preceding the calendar year for which the member is seeking to be exempted from license fees”). The Bylaws currently provide that this exemption may be granted only one time while the member is a licensed member of the WSBA. The exemption is granted based solely on the members’ certification of qualifying household income, without requiring verification of the stated income.

The proposed amendment would increase the number of times such an exemption may be granted to two times while the member is a licensed member of the WSBA.

This proposed amendment is being suggested as a way to 1) assist Active WSBA members with a lower income to remain on Active status despite facing a current financial hardship, and 2) allow WSBA to conduct a preliminary assessment of the effect on WSBA’s budget, regulatory requirements, and other members’ license fees, among other considerations, if the number of Active members receiving exemptions goes up significantly. In light of the current coronavirus social distancing requirements and business restrictions, and in consideration of how these requirements and restrictions are affecting the current economic conditions for WSBA members and members of the public, expanding this exemption seems appropriate.

It is possible that WSBA could eventually decide to permit the hardship exemption to be granted more times, or even an indefinite number of times, to qualifying members. It is difficult to assess the effects of that possibility without gathering more data. An initial increase to two grants of hardship exemption (from the current one

exemption) would allow WSBA to gather some data about the number of Active members who would make such a request and how that affects WSBA license fee revenue and programming. Additional consideration may be warranted regarding the question of whether any additional regulatory safeguards should be in place in the future for determining member eligibility for the exemption, if the exemption were to be permitted more than twice.

ATTACHMENTS:

1. WSBA Bylaws Art.III.I.5 redlined version to show proposed amendments.
2. WSBA Bylaws Art.III.I.5, clean version containing proposed amendments.
3. 2020 Hardship Exemption request form.