

SENATE THIRD READING
SB 54 (Umberg)
As Introduced January 7, 2025
Majority vote

SUMMARY

Provides that specified veterans benefits are not to be considered income for the purpose of seeking a fee waiver to proceed with a matter in court.

Major Provisions

Clarifies that veterans disability service-connected compensation is not to be treated as part of a litigants monthly income when establishing if a person qualifies for a waiver of court fees.

COMMENTS

Recognizing that court fees, while essential to funding the judicial branch, can be cost prohibitive for low income litigants, existing law offers a wide class of Californians court fee waivers in order to ensure that cost alone cannot deny a person access to justice. One of the categories of Californians entitled to court fee waivers are those making less than 200 percent of the federal poverty line, approximately \$31,000 for an individual.

(<https://www.energy.gov/scep/wap/poverty-income-guidelines>.) The existing law, however, is silent as to what income sources may be counted when determining if a person meets the income threshold to qualify for a court fee waiver. This bill would exempt veterans' disability benefits from the monthly income calculation for the purpose of determining a litigant's eligibility for a fee waiver.

For some disabled veterans, disability benefits may be the only source of income. The author and sponsors of this bill note that for some veterans, disability benefits may be the largest single source of income. Given that the Department of Veterans Affairs provides veterans these benefits in conjunction with the degree of one's disability, the greater a veterans disability impacts their ability to work, the more reliant on these benefits a veteran is. Unfortunately, a heavy reliance on disability income also disproportionately exposes veterans to potential legal risks. For example, should an income limited veteran face an unexpected financial outlay, their limited income may expose them to risk of falling behind on rent or other financial obligations. Failing to pay such obligations may expose the veteran to an unlawful detainer or debt collection actions. Even if such actions were not filed by the veteran, existing law requires defendants in these cases to pay court fees for filing their "first paper." These fees can quickly approach \$500 even for relatively simple legal matters. For income-limited veterans, these fees can easily deter a person from mounting an effective legal defense and obtaining their day in court.

This bill ensures veterans supported by disability benefits can access the justice system.

Recognizing that income of 200% of the federal poverty of level represents a person barely making ends meet in light of California's relatively high cost of living, this bill seeks to prohibit veterans disability benefits from being utilized to calculate income for the purpose of court fee waivers. Exempting disability benefits is particularly critical as, unlike traditional income, many of these benefits are directly calibrated to pay for critical healthcare and other needs. Asking a veteran to spend disability income on court fees may result in impossible choices for a veteran, for example foregoing prescription medicine to ensure access to justice. By exempting veteran's

disability income from the calculation of court fee waivers, this bill prudently protects California's veterans from losing access to the justice system.

Despite potentially significant revenue losses, the Judicial Council is neutral on this measure.

This bill enjoys a broad base of support from numerous veterans organizations from across California. Interestingly, the Judicial Council of California does not have a position on the measure despite this bill potentially costing the agency hundreds of thousands of dollars or more annually. Indeed, as noted in the analysis of this bill by the Senate Appropriations Committee, should even .1% of the existing civil case load consist of veterans newly eligible for fee waivers under this measure, the California courts would lose \$435,000 in income. Given that this reflects 1,000 of the over one million cases filed in California annually, the losses to the courts could be quite significant. Nonetheless, it is commendable that the Judicial Council appears willing to try to utilize existing budgetary tools to ensure access to justice for California's veterans.

According to the Author

SB 54 aims to support disabled veterans who are utilizing California superior courts. Specifically, it prevents veterans' disability compensation from counting as monthly income for purposes of determining eligibility for court fee waivers. Currently, any individual who earns less than 200% of the federal poverty guidelines is eligible for exemption of court filing fees. In addition, an individual who receives public benefits through a variety of programs is automatically exempt from these court filing fees. This bill would provide critical support to low income disabled veterans seeking justice through California superior courts, enabling them to use the court system without paying filing fees. These individuals suffered serious physical and mental injuries serving our country, and many now find it difficult to earn income to support themselves and their families. Disability benefits for veterans are a necessary remedy to thank veterans for their courage and sacrifice, but they should not serve as a deterrent to accessing court services. SB 54 seeks to address this issue and ensures that disability benefits solely function to support veterans.

Arguments in Support

This bill is supported by a coalition of advocates for veterans, including the Veterans Legal Institute and the American Legion-Department of California. In support of the bill, the Veterans Legal Institute writes:

Currently, California law defines financial thresholds for fee waiver eligibility based on an individual's monthly income. Unfortunately, this calculation includes veterans' disability compensation, an essential benefit intended to address medical and other accommodations related to conditions incurred during military service. By counting this compensation toward total monthly income, many disabled veterans find themselves disqualified from crucial fee waivers that would otherwise ease their financial burden in seeking justice through our court system.

Consider this example: a veteran defending themselves from an eviction is required to pay a filing fee to answer the allegations against them of \$225 (for up to \$10,000 in claimed damages), \$370 (for \$10,000 - \$25,000 in claimed damages) or \$435 (for over \$25,000 in damages). As the law stands now, a disabled veteran could be disqualified from a fee waiver because of their service-connected compensation. If someone can't afford to pay their rent and faces eviction, they certainly can't afford to pay the answer fee to defend themselves in

court. Consequently, veteran tenants may be prevented from making valid and substantive defenses in their case, resulting in more veterans displaced from their homes.

SB 54 would make an impactful and necessary change by rightfully excluding veteran disability compensation from income calculations for the purpose of court fee waivers. It recognizes the unique nature of these benefits and the heightened financial challenges faced by disabled veterans, ultimately protecting them from undue financial barriers in legal proceedings. Passing this legislation would be in line with the recent legislative trend of exempting veteran disability compensation from eligibility determinations, such as eligibility for pro bono legal services from IOLTA funded organizations.

It is our belief that we must safeguard the benefits earned by those who have put their lives on the line for our country. By preventing disability compensation from disqualifying veterans from fee waivers, SB 54 ensures that our state honors and supports veterans' service in a practical and meaningful way. For these reasons, Veterans Legal Institute strongly supports SB 54 and respectfully urges the Legislature to pass this important measure.

Arguments in Opposition

None on file

FISCAL COMMENTS

According to the Assembly Appropriations Committee, revenue loss (Trial Court Trust Fund, General Fund) to the courts of an unknown but potentially significant amount, possibly exceeding \$150,000 annually. Actual revenue loss will depend on the number of fee waivers granted to people made eligible by this bill who would otherwise pay applicable court fees and costs. The incidence of court filings by people who receive veterans benefits is unknown. By way of illustration, in fiscal year 2022-23, over one million civil, family, and probate cases were filed statewide. If 0.1% of these cases (approximately 1,000 cases) receive a waiver resulting from this bill, revenue to the courts would decrease by approximately \$435,000.

For its part, Judicial Council anticipates a "minor fiscal impact" resulting from this bill and reports that any identifiable impact to court revenues would be considered during annual budget negotiations and could be included in the ongoing backfill requests for the Trial Court Trust Fund. Increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The fiscal year 2025-26 state budget provides \$82 million ongoing General Fund to the Trial Court Trust Fund for court operations.

VOTES

SENATE FLOOR: 38-0-2

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Limón, Reyes

ASM JUDICIARY: 11-0-1

YES: Kalra, Dixon, Bauer-Kahan, Bryan, Connolly, Harabedian, Pacheco, Papan, Sanchez, Stefani, Zbur
ABS, ABST OR NV: Macedo

ASM MILITARY AND VETERANS AFFAIRS: 8-0-0

YES: Schiavo, Jeff Gonzalez, Ávila Farías, Carrillo, Davies, Michelle Rodriguez, Sharp-Collins, Valencia

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Sanchez, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache, Ta, Tangipa

UPDATED

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