

Tel: 202-408-1080 Fax: 202-408-1056

center@cbpp.org www.cbpp.org



September 17, 2021

Step One to an Antiracist State Revenue Policy: Eliminate Criminal Justice Fees and Reform Fines

By Cortney Sanders and Michael Leachman

Today's state revenue policies were largely developed in an explicitly racist past and — by requiring those with the least income to pay the largest share of income in taxes — still generally worsen racial and economic inequities in most states. Particularly egregious are criminal justice fees and fines that states and localities impose to raise revenue for court operations, police departments, and other public services. They are deeply rooted in a racist history, continue to worsen racial inequities, *harm* public safety, are very costly to administer, and could be replaced with less harmful revenue sources. States and localities should dramatically reform these practices as a first step toward antiracist revenue policies that give everyone the chance to thrive.

Criminal fees fall heavily on the lowest-income people in the country and disproportionately on Black, Indigenous, and Latinx people, who already face severe barriers imposed by systemic racism, discrimination, and bias. The damage these excessive fees and fines do in low-income communities and communities of color is hard to overstate: they are intertwined with racial profiling and can lead to violence and murder by police, ongoing harassment by predatory collection agencies, imprisonment for being poor, and various other forms of dysfunctional, state-sanctioned injustice.

States and localities should eliminate criminal justice fees and base fines on a person's income, which may actually save money because the extra policing and imprisonment required to enforce today's excessive fees and fines systems are expensive. And they should shift to more forward-looking and just sources of revenue. States can use general revenue sources, ideally progressively structured taxes on income and wealth which target people most able to pay, who today pay the *least* in taxes as a share of their income in most states. States can also reform policies they've imposed in recent decades that make taxation and other revenue-raising harder at both the state and local level, helping to remove the often-stated justification for states and localities to turn to harmful criminal justice fees and fines.

Shifting away from using criminal justice fees and fines to help fund courts and other public services — as some states have begun to do — would benefit all of us. People of color make up a disproportionate share of those caught in this damaging and oppressive system; as such, they and their families (who often must pay the fees imposed) are especially harmed. But low-income white people also make up a large share of those affected and are often forced into debt to help pay for their own arrest, trials, and imprisonment. And because this system makes it much harder for

anyone who is arrested or convicted of a crime to put their lives back together and get ahead, their productivity and earnings potential are diminished, weakening everyone's quality of life.

Criminal Justice Fees and Fines Worsen Racial and Economic Inequities

Today, most state and local tax systems are upside-down. They ask more of those with the least, and less of those with the most. For instance, in Washington State the lowest income fifth of households pay 17.8 percent of their income in state and local taxes, on average, while the highest-income fifth pay just 3 percent. Nine of every ten states have "regressive," or upside-down, tax systems. As such, most state and local tax systems *worsen* long-standing racial and economic inequities. (States and localities also *spend* revenues in ways that sometimes improve these inequities and sometimes — as with certain policing and incarceration practices — worsen them.) This is the result of the collective decisions of state lawmakers reaching back decades into a more explicitly racist past and sustained into the present at the choice of today's state policymakers.

States' non-tax revenue-raisers are often even more regressive. Most notably, states and localities today rely heavily on fees, fines, and user charges, which tend to fall especially hard on people with the lowest incomes since they are typically imposed as a flat fee regardless of income. One of the most egregious and harmful types of non-tax revenue source is the fees and fines imposed on people who are charged with a misdemeanor, felony, or other crime, and on others caught up in the criminal justice system.

The use of fees, fines, and other monetary sanctions as a revenue source for the criminal justice system has a long and sordid history in the United States. After slavery was abolished, a coalition of white supremacists known as Redeemers gradually retook power from biracial Reconstructionist governments in the South and imposed a sweeping set of policies aimed at re-establishing the racial oppression so fundamental to the pre-war South. Fiscal policies were central to this effort, including a wide variety of fines imposed on Black people for little cause, such as being unable to prove employment. Those who were unable to pay were forced to work without wages for white-owned employers and corporations, where they could be whipped and otherwise tortured with impunity, as under slavery. The funds raised from employers, which paid the fines in exchange for cheap labor, went to support courts, police, and other public services.

This system of "convict leasing" was in place in the South well into the mid-20th century, when it was gradually replaced with a new policy regime of harsh sentencing laws and policing practices targeting Black communities especially, resulting in an extraordinary and horrific increase in

¹ Institute on Taxation and Economic Policy, Who Pays? 6th edition, https://itep.org/whopays/.

² Ibid.

³ For instance, supermajority requirements for tax increases and property tax limits both trace their origins to explicit post-Reconstruction efforts by wealthy white landowners to disenfranchise states' Black residents. See Michael Leachman *et al.*, "Advancing Racial Equity With State Tax policy," CBPP, November 15, 2018, https://www.cbpp.org/research/state-budget-and-tax/advancing-racial-equity-with-state-tax-policy.

⁴ Eric Foner, Reconstruction: America's Unfinished Revolution, 1863-1877, 1989.

⁵ Douglas Blackmon, Slavery by Another Name: The Re-Enslavement of Black Americans from the Civil War to World War II, January 13, 2009.

incarceration.⁶ As a result, the United States today has about 4 percent of the world's population but about 20 percent of the world's prisoners.⁷ Some 81 percent of Black men without a high school diploma and born between the mid-1960s and the mid-1970s have been incarcerated at some point in their lives, according to one study.⁸

A fundamental feature of this mass incarceration system is the wide variety of fees, fines, and other monetary sanctions imposed on people with cases before state and local criminal courts and others who are in jail, prison, or under state supervision. Since the U.S. criminal justice system is deeply shaped by historical racism and ongoing forms of discrimination and bias, its costs fall especially hard on Black, Indigenous, and Latinx people, though people of all races have been affected. One study of Virginia found that cities, towns, and counties with the highest percentages of Black residents and low-income residents charge higher fines and fees compared to the state average. Another report, written in 2008 for the Washington State Minority and Justice Commission, found courts assessed higher fines or fees on Latinx people than on their white counterparts. The disproportionate impacts of fines and fees cement historical and generational wealth disparities for communities of color.

Sharp reductions in federal funding for state and local courts in the 1980s helped set the stage for more recent rises in fines and fees. And after the Great Recession hit over a decade ago, nearly every state increased or enacted new criminal and civil court fees. The recession forced many people out of work, reducing their income and consumption which, in turn, resulted in lower income and sales tax revenue, the two largest sources of revenue for states. But rather than take steps to improve their tax revenues (for example by closing corporate tax loopholes or raising income taxes on higher-income households), many cash-strapped states raised or created new fines and fees to help fund their criminal justice system or other public services. Many localities also

⁶ Michelle Alexander, The New Jim Crow, January 16, 2012.

⁷ Data on prisoners from Roy Walmsley, *World Prison Population List*, 12th edition, Institute for Criminal Policy Research, https://www.prisonstudies.org/sites/default/files/resources/downloads/wppl_12.pdf. Data on population from the U.S. Census Bureau, U.S. and World Population Clock, at https://www.census.gov/popclock/world.

⁸ Melva Robertson, "Lifetime incarceration rate of black men without high school diplomas highlights need for better-informed health interventions," Woodruff Health Sciences Center, November 2, 2018, https://news.emory.edu/stories/2018/11/lifetime_incarceration_rate_black_men/index.html.

⁹ Chris Mai, "The High Price of Using Justice Fines and Fees to Fund Government in Virginia," Vera Institute of Justice, June 2021, the-high-price-of-using-justice-fines-and-fees-virginia.pdf.

¹⁰ Katherine A. Beckett, Alexes M. Harris, and Heather Evans, "The Assessment and Consequences of Legal Financial Obligations in Washington State," Washington State Minority and Justice Commission, August 2008, https://www.courts.wa.gov/committee/pdf/2008LFO_report.pdf.

¹¹ Lisa Foster, "A Brief History of Fines and Fees," Fines and Fees Justice Center webinar, March 19, 2021.

¹² Joseph Shapiro, "Unpaid Court Fees Land The Poor In 21st Century Debtors' Prisons," National Public Radio, May 20, 2014; Shapiro, "As Court Fees Rise, The Poor Are Paying The Price," NPR, May 19, 2014, https://www.npr.org/2014/05/19/312158516/increasing-court-fees-punish-the-poor.

¹³ Council of Economic Advisors Issue Brief, "Fees, Fines, and Bail: Payments in the Criminal Justice System that Disproportionately Impact the Poor," December 2015, p. 3, dea fine fee bail issue brief.pdf. See also Karen Dolan and Jodi L. Carr, "The Poor Get Prison: The Alarming Spread of the Criminalization of Poverty," Institute for Policy Studies, March 18, 2015, p. 10, www.ips-dc.org/the-poor-get-prison-the-alarming-spread-of-the-criminalization-of-poverty/.

shifted more to fines and fees as their tax revenues declined and as state financial support for municipal services eroded during the downturn. Organized (and racialized) attacks on taxes as a state and local revenue source surged in the 2010 elections and after, bringing many anti-tax governors and legislators to power.¹⁴

As a result, fines and fees are a prominent feature of today's criminal justice system. They can be imposed on individuals and their families throughout the criminal legal process. Fines are monetary sanctions rooted in beliefs of punitive deterrence, whereas fees' only goal is to raise revenue for government operations. Fines include conviction surcharges, traffic fines, and incarceration and supervision costs. Fees include those associated with GPS monitoring, lab tests, investigations, and those for telephone calls and markups on commissary items while in jail or prison.¹⁵

Because of all these fees and fines, it is often difficult if not impossible for people with low incomes to afford the total cost of a conviction, even for something minor like a speeding ticket. Many states impose *mandatory* fines and fees and give judges no discretion to adjust or waive these charges for people with low incomes. For example, Washington State requires imposition of certain fees regardless of the nature of the offense and the individual's financial means to pay. ¹⁶ New York has mandatory surcharges that differ by offense, but there is no opportunity to reduce the fee if the person is unable to afford it. ¹⁷ (See the Appendix for case studies of some state approaches.)

The total cost of these mandatory fees for even minor offenses can reach into the hundreds of dollars, and that's *before* any fines imposed as punishment for the offense or any additional fees charged when a person can't pay on time. Taking those late charges and other fees into account can mean a penalty many times the original amount. Due to various fees and late charges imposed in Virginia, for example, even a minor traffic incident like an improper U-turn can result in costs totaling more than six times the original fine.¹⁸

¹⁴ See Vanessa Williamson, Theda Skocpol, and John Coggin, "The Tea Party and the Remaking of Republican Conservatism," Perspectives on Politics, Vol. 9, No. 1 (March 2011), https://scholar.harvard.edu/files/williamson/files/tea_party_pop.pdf. Rhetorical attacks and political organizing in opposition to taxes, particularly those seen as supporting services for Black people and other people of color, have a long history in the U.S. See for example, Camille Walsh, Racial Taxation: Schools, Segregation, and Taxpayer Citizenship, 1869-1973, University of North Carolina Press, 2018.

¹⁵ Chris Mai and Maria Rafael, "The High Price of Using Justice Fines and Fees to Fund Government in New York," Vera Institute of Justice, December 2020, https://www.vera.org/downloads/publications/the-high-price-of-using-justice-fines-and-fees-new-vork.pdf.

¹⁶ For example, the state imposes a victim penalty assessment that is \$250 for misdemeanor convictions and \$500 for felony convictions, regardless of the nature of the offense. Washington also imposes other mandatory fees that do vary based on the nature of the offense. See Maria Rafael, "The High Price of Using Justice Fines and Fees to Fund Government in Washington State," Vera Institute for Justice, June 2021, p. 2., https://www.vera.org/downloads/publications/the-high-price-of-using-justice-fines-and-fees-washington.pdf.

¹⁷ Sarah Burger *et al.*, "New York Should Re-examine Mandatory Court Fees Imposed on Individuals Convicted of Criminal Offenses and Violations," Fines & Fees Justice Center, November 20, 2018, https://finesandfeesjusticecenter.org/articles/new-york-should-re-examine-mandatory-court-fees-imposed-on-individuals-convicted-of-criminal-offenses-and-violations/.

¹⁸ Phil Hernandez, Laura Goren, and Chris Wodicka, "Set Up to Fail: How Court Fines & Fees Punish Poverty and Harm Black Communities in Virginia," Commonwealth Institute, January 2021, https://www.thecommonwealthinstitute.org/wp-content/uploads/2021/01/Set-Up-to-Fail-How-Court-Fines-Fees-Punish-Poverty-and-Harm-Black-Communities-in-Virginia.pdf.

Some localities push fees and fines even higher than those at the state level. For example, in some cases, people in Washington are subjected to a \$350 fee to obtain court-appointed counsel, but Pierce County sets the cost at \$450.¹⁹ Some Washington counties also charge additional fees for electronic monitoring and for certain offenses such as alcohol violations. Virginia counties and cities can impose costs such as a "processing" fee for admission to jail and for each day in confinement. Jails in the state can also charge co-pays for medical services such as over-the-counter medicine and emergency room visits.²⁰

In some states and localities fees and fines make up a substantial share of the budget. A 2019 national analysis by *Governing* found that fines made up more than 10 percent of general fund revenues in almost 600 cities, towns, and counties.²¹ In North Carolina, fees fund half of the state courts' budget.²²

States Should Eliminate Criminal Justice Fees and Reform Fines

Today's system of targeting people struggling to meet their basic needs as a major revenue source for the criminal justice system is backwards, racist, and long overdue for reform. States and localities should eliminate criminal justice fees and reform fines so they are based on ability to pay. That's because these fines and fees:

• Do substantial damage in low-income areas and communities of color. When people cannot pay accumulating fines and fees, they often end up owing late fees and interest, which add to their debt. Some states even suspend driver's licenses or imprison people who cannot pay their fines and fees. These harsh punishments stigmatize people and affect their access to jobs, impede their parenting and other caregiving, and can lead to voter disenfranchisement.²³ A 2019 Florida law, for example, strips voting rights from people with felony convictions who have failed to pay all fines and fees, essentially creating a "pay-to-vote" system. Jurisdictions in Virginia with higher shares of Black residents and of people living in poverty assess fines and fees above the state average, according to a Commonwealth Institute study.²⁴ Criminalizing and punishing people with low incomes, particularly those of color, reinforces a cycle of poverty and makes it more difficult for them to pay their debt and move on from their interactions with the criminal justice system.²⁵ Plus, when people are unable to pay these debts,

¹⁹ Rafael, op. cit.

²⁰ Sarah Calame and Aravind Boddupalli, "Fines and Forfeitures and Racial Disparities," Tax Policy Center, August 14, 2020, www.taxpolicycenter.org/taxvox/fines-and-forfeitures-and-racial-disparities.

²¹ Mike Maciag, "Addicted to Fines," *Governing*, August 19, 2019, https://www.governing.com/archive/gov-addicted-to-fines.html.

²² Matthew Menendez *et al.*, "The Steep Costs of Criminal Justice Fees and Fines," Brennan Justice Center, November 21, 2019, https://www.brennancenter.org/sites/default/files/2020-07/2019 10 Fees%26Fines Final.pdf.

²³ Malia Brink, "Fines, Fees, and the Right to Vote," American Bar Association, February 9, 2020, https://www.americanbar.org/groups/crsj/publications/human_rights_magazine_home/voting-rights/fines--fees--and-the-right-to-vote/.

²⁴ Hernandez, Goren, and Wodicka, op. cit.

²⁵ See for example Brennan Center for Justice, https://www.brennancenter.org/our-work/research-reports/steep-costs-criminal-justice-fees-and-fines; American Civil Liberties Union, "Ending Modern-Day Debtors' Prisons," www.aclu.org/issues/smart-justice/sentencing-reform/ending-modern-day-debtors-prisons; and Mathilde Laisne, "Past

their families often pay them, taking away from the resources they need to afford rent, buy food, and care for children. In this way, the system extracts wealth not only from individuals, but from the communities most affected by today's policing and incarceration policies.

• Harm public safety. A justice system that relies on defendants and their families to fund government operations can create perverse incentives to maintain and expand this wealth extraction from people of color and people with low incomes, at the expense of their safety.

²⁶In the most well-known case, a 2015 U.S. Department of Justice investigation found that Ferguson, Missouri city officials frequently urged their police department and municipal courts to generate more revenue by increasing fines, fees, and citations to make up for tax revenue shortfalls.²⁷

Such an approach harms not just those subject to the fees but the efficiency of the entire justice system, diverting resources and limiting capacity to address more violent crimes. Police are less able to respond to urgent 911 calls when they are tasked with following up on court fees and fines, and courts are less able to handle more serious cases when they spend significant time on fee and fine compliance.²⁸ Indeed, a study of the issue found that cities that collect more of their revenue from fees tend to do a relatively poor job of solving violent crimes and property crimes.²⁹

Turning police officers into debt collectors also increases unnecessary interactions between the officers and people of color, a key issue since neighborhoods where Black people live are often already over-policed and police violence is so common. A study of Tulsa, Oklahoma, for example, found that the census tracts with the most traffic stops per capita were mostly low-income and mostly had relatively large Black and brown populations. People in these areas were over 100 times more likely to be stopped by police than were people in a particularly wealthy and predominantly white census tract.³⁰ These patterns of policing are often intertwined with racial profiling and can lead to police violence and murder. Nationally, Black people are twice as likely to be shot and killed by police than white people, and Hispanic Americans are also killed disproportionately.³¹ Police reform and advancing racial justice are

Due: Examining the True Costs of the User-Pay Justice System in New Orleans," Vera Institute of Justice, January 9, 2017, www.vera.org/projects/past-due-examining-the-true-costs-of-the-user-pay-justice-system-in-new-orleans.

²⁶ Rafael, op. cit.

²⁷ The report finds that the Ferguson Police Department issued 90 percent of citations to Black residents, who make up only 67 percent of the city's population. Justice Department Civil Rights Division, "Investigation of the Ferguson Police Department," March 4, 2015, https://www.justice.gov/sites/default/files/opa/press-releases/attachments/2015/03/04/ferguson_police_department_report.pdf.

²⁸ Menendez et al., op. cit.

²⁹ Rebecca Goldstein, Michael W. Sances, and Hye Young You, "Exploitative Revenues, Law Enforcement, and the Quality of Government Service," *Urban Affairs Review*, 2018, https://hyeyoungyou.files.wordpress.com/2018/08/finesandpolicing.pdf.

³⁰ Human Rights Watch, "'Get on the Ground!' Policing, Poverty, and Racial Inequality in Tulsa, Oklahoma," September 12, 2019, https://www.hrw.org/report/2019/09/12/get-ground-policing-poverty-and-racial-inequality-tulsa-oklahoma/case-study-us. See also Damion Shade, "Reducing Oklahoma's court fines and fees is police reform," Oklahoma Policy Institute, updated December 10, 2020, https://okpolicy.org/reducing-oklahomas-court-fines-and-fees-is-police-reform/.

³¹ Washington Post, "Fatal Force: 936 People Have Been Shot and Killed by Police In the Past Year," last accessed September 16, 2021, https://www.washingtonpost.com/graphics/investigations/police-shootings-database/.

directly associated with fines and fees. States and localities should both end these harmful fees and fine regimes while also investing in communities of color and low-income people so they can achieve their fullest potential and maximize their well-being.

• Are very costly to collect. The extra court operations, policing, and incarceration associated with collecting fines and fees are expensive, both in their costly impact on people caught in the system and in their costs to state and local budgets. In some cases, the cost to collect and enforce outstanding debt can exceed the revenue it generates. One New Mexico county spends at least \$1.17 to collect every dollar generated through fines and fees.³²

States Should Eliminate Fees, Reform Fines, and Shift to Less Harmful Revenue Sources

States and localities should eliminate criminal legal fees, base fines on ability to pay, and use general funds to support their courts and police departments. Courts and other aspects of the justice system should be paid for primarily through taxes on the general public, rather than fees on people caught up in the system, since we all rely on that system (which should operate to keep everyone safer). Fines should be based on ability to pay since forcing everyone to pay the same amount results in very different punishments depending on a person's income. And no one should be incarcerated because they lack the income to pay a fee or fine.

Several states have charted a new course toward a more equitable criminal justice fiscal system by repealing driver's licenses suspensions and reinstating licenses for unpaid debt, eliminating juvenile justice fees, eliminating fees in the adult criminal legal system, creating payment plans for people with lower ability to pay, and decriminalizing minor traffic violations, which removes the use of bench warrants (those issued by a judge) and arrests as collections tools. Often, these policy proposals were informed and improved by people from the most affected communities, who provided knowledge, stories, and analysis to help make the case for reform.

In California, for example, groups like the Debt Free Justice Coalition worked with lawmakers to eliminate 23 county-level criminal justice fees. In New York (like with the No Price on Justice Campaign) and Virginia, justice advocates worked with fiscal policy organizations to educate policymakers about the regressivity of criminal justice fines and fees and helped organize speakers at legislative townhalls, so lawmakers heard stories from the people directly affected to stop suspending driver's licensing and eliminate other fees due to criminal justice debt. And Colorado's and New Mexico's historic eliminations of juvenile justice fines and fees reflect efforts by national, state, and local groups to ensure that children and their families aren't saddled with fees that could inhibit their ability to move forward, giving them a better chance at reaching their fullest potential.

Recent state policy improvements include the following:

• California: Enacted in July 2021, California AB 1869 prohibits counties from charging defendants for 23 of the most harmful fees of the criminal justice system, including fees for administering probation and mandatory supervision, processing arrests and citations,

-

³² Menendez et al., op. cit.

electronic monitoring programs, and home detention programs. The act also relieves defendants from having to pay the costs of a public defender.³³

- **Colorado**: The Colorado legislature recently enacted HB21-1315, effectively eliminating a number of costs and fees that a juvenile in the justice system (or their family) must pay, including costs of prosecution, fees for applying for court-appointed counsel, and costs for medical care in the youth offender system.³⁴
- Connecticut: State policymakers enacted S.B. 972 to eliminate all fees for phone, email, and video communication between incarcerated individuals and their families, making Connecticut the first state to enact such legislation. S.B. 972 provides 90 minutes per day of phone calls free for incarcerated individuals, beginning in October 2022, and prohibits the Department of Corrections from charging for other communication services such as email and videoconferencing.³⁵
- Maryland: Enacted in 2020, Maryland's HB36 eliminates state courts' authority to impose civil fines or court costs against a juvenile found delinquent by prohibiting assessments made against a child or their family for attorney services in a delinquency proceeding, and stripping the courts' ability to order a juvenile or their family to pay for the support of a child in connection with a delinquency proceeding.³⁶
- Nevada: AB 116, enacted June 2021, decriminalizes minor traffic violations, instead making them civil infractions. The act also ends the practice of issuing warrants for outstanding traffic debt. Another enacted bill, SB219, automatically reinstates licenses suspended for nonpayment of traffic tickets.³⁷
- New Mexico: The Juvenile Fines and Fees Reform Act was implemented in the 2021 legislative session, effectively eliminating administrative fines and fees charged to juveniles. It also ends the \$10 application fee for a public defender in children's court.³⁸
- New York: The Driver's License Suspension Reform Act, enacted in June 2021, ends license suspensions due to non-payment of traffic fines while also offering affordable payment plans.

³³ Fines and Fees Justice Center (FFJC), "California AB 1869 Criminal fees," October 1, 2020, https://finesandfeesjusticecenter.org/articles/california-ab-1869-criminal-fees/.

³⁴ FFJC, "Colorado HB21-1315: Concerning eliminating certain monetary amounts a juvenile in the justice system is required to pay," June 21, 2021, https://finesandfeesjusticecenter.org/articles/colorado-hb21-1315-concerning-eliminating-certain-monetary-amounts-a-juvenile-in-the-justice-system-is-required-to-pay/.

³⁵ State of Connecticut, "Public Act No. 21-54," https://www.cga.ct.gov/2021/ACT/PA/PDF/2021PA-00054-R00SB-00972-PA.PDF.

³⁶ FFJC, "Maryland HB36: Juvenile Proceedings – Fines, Fees, and Costs," May 8, 2020, https://finesandfeesjusticecenter.org/articles/maryland-hb36-juvenile-proceedings-fines-fees-and-costs/.

³⁷ FFJC, "Press Release: Nevada Governor Sisolak Signs Two Crucial Fines and Fees Reform Bills," June 8, 2021, https://finesandfeesjusticecenter.org/2021/06/08/press-release-nevada-governor-sisolak-signs-two-crucial-fines-andfees-reform-bills/.

³⁸ FFJC, "Press Release: New Mexico Legislature Approves Bill Eliminating Fines & Fees for Children," March 15, 2021, https://finesandfeesjusticecenter.org/2021/03/15/press-release-new-mexico-legislature-unanimously-approves-bill-eliminating-fines-fees-for-children/.

This law also reinstates the licenses of people who previously had their license suspended due to non-payment.³⁹

- **Oregon**: With enactment of HB 4210, Oregon ended the suspension of driver's licenses for non-payment of traffic tickets, effective October 2020.⁴⁰
- Virginia: In 2021, Virginia enacted HB1895 which pauses all interest accrual for criminal justice fines and costs after the first 180 days imposed, or for incarcerated individuals such that interests will not accrue until 180 days after release. The legislation also stops mandatory down payments for any payment arrangement. As of 2020, SB1 eliminates driver's license suspensions for non-payment of fines and fees. The act also requires that the Commissioner of the Department of Motor Vehicles reinstate all licenses that were suspended due to non-payment of fines and costs prior to July 1, 2019 and waive all reinstatement fees. As
- West Virginia: HB 4958 effectively eliminated driver's license suspension for failure to pay court fines and fees while also allowing courts to accept electronic payments, credit cards, cash, money orders, and certified checks as payment. It also mandates that clerks help set up payment plans for individuals unable to pay.⁴³

States have many other revenue sources to choose from that are far more just and equitable than extracting resources from those with the least income. Alternatives include raising personal income taxes, corporate income taxes, wealth taxes, or other revenue sources that are based on ability to pay and that reduce inequality.⁴⁴ States can also repeal limits on the use of these less-harmful revenue sources, thereby strengthening their tax systems and helping ensure that people, no matter their means, can reach their fullest potential.

State policymakers can:

• Raise revenue, especially from the wealthy and profitable corporations. States can raise revenue for high-quality schools, health care, and other public investments that help us all thrive. Past policy decisions have produced state and local tax systems that ask relatively little of wealthy households (who are mostly white) as a share of income, thereby worsening wealth and income disparities which are often built through or aggravated by racism. Wealthy people also are largely protected from the harm done by criminal justice fines and fees; people who can afford fines or court fees are almost by definition not subject to debt due to late fees or

³⁹ FFJC, "New York's fines and fees need reform now," https://finesandfeesjusticecenter.org/campaigns/new-york-campaign-fines-fees/.

⁴⁰ FFJC, "Oregon House Bill 4210: An act relating to driving privileges," July 29, 2020, https://finesandfeesjusticecenter.org/articles/oregon-house-bill-4210-an-act-relating-to-driving-privileges/.

⁴¹ H.B. 1895, 2021, 2021 Special Session, (VA. 2021), https://legiscan.com/VA/bill/HB1895/2021/X1.

⁴² FFJC, "Virginia SB1: Driver's license; suspension for nonpayment of fines or costs," April 9, 2020, https://finesandfeesjusticecenter.org/articles/virginia-sb1-drivers-license-suspension-for-nonpayment-of-fines-or-costs/.

⁴³ FFJC, "West Virginia House Bill 4958: Eliminating driver's license suspension for failure to pay court fines and costs," April 15, 2020, https://finesandfeesjusticecenter.org/articles/west-virginia-house-bill-4958-eliminating-drivers-license-suspension-for-failure-to-pay-court-fines-and-costs/.

⁴⁴ CBPP, "State Revenue Options for Investing in Families and Communities," https://www.cbpp.org/state-revenue-options-for-investing-in-families-and-communities.

warrants for their arrests due to inability to pay. Fines and fees target those with low incomes, further deepening inequities in whom the justice system affects as well as who bears the brunt of funding the state and local courts and other services. Instead, states can raise needed revenue and reduce income inequality by better taxing wealth, such as by improving taxation of stock sales, large inheritances, expensive property, and other forms of wealth that often face low tax rates or go untaxed.⁴⁵ They can also more adequately tax the incomes of millionaires and other high-income people.⁴⁶

- Roll back economic development incentives and other tax breaks for profitable corporations. Economic development incentives cost states about \$45 billion per year, in aggregate, despite evidence that they are largely ineffective. These tax breaks often reward companies for business activity in which they would have engaged anyway or have a low "bang for the buck." Rolling back ineffective breaks to improve economic supports for people in hard-hit communities of color would also improve racial equity; the corporations that benefit the most from these breaks typically are owned mostly by wealthy and white shareholders. The millions of dollars states spend each year on tax credits, deductions, and exemptions could be money used for courts and alternatives to policing in local communities. Additionally, it would help fill budget holes that would have otherwise been filled with criminal justice fees or forfeitures for unpaid debt.
- Reform or repeal restrictions on local government revenue-raising. Local governments may turn to fees and fines in part because states restrict the ability of localities to raise tax revenue. For example, nearly all states impose limits on local property taxes, many forbid localities from levying income taxes, and some bar any tax with graduated rates. In addition to their impact on revenue-raising, these limits tend to provide disproportionate savings to white homeowners, who are more likely than Black or Latinx people to own expensive homes in part because past government policies segregated people of color in lower-value areas. ⁴⁹ This segregation also means that Black and brown people are overrepresented in the low-income communities that police often target with fines and fees, further deepening inequality in who pays for government services.

⁴⁵ Samantha Waxman and Elizabeth McNichol, "Improved State Taxes on Wealth, High Incomes Can Help Fuel an Equitable Recovery," CBPP, December 10, 2020, https://www.cbpp.org/research/state-budget-and-tax/improved-state-taxes-on-wealth-high-incomes-can-help-fuel-an.

⁴⁶ Wesley Tharpe, "Raising State Income Tax Rates at the Top a Sensible Way to Fund Key Investments," CBPP, February 7, 2019, https://www.cbpp.org/research/state-budget-and-tax/raising-state-income-tax-rates-at-the-top-a-sensible-way-to-fund-key.

⁴⁷ Cortney Sanders, Michael Leachman, and Erica Williams, "3 Principles for an Antiracist, Equitable State Response to COVID-19 — and a Stronger Recovery," CBPP, updated April 29, 2021, https://www.cbpp.org/research/state-budget-and-tax/3-principles-for-an-antiracist-equitable-state-response-to-covid-19.

⁴⁸ Lisa J. Dettling *et al.*, "Recent Trends in Wealth-Holding by Race and Ethnicity: Evidence from the Survey of Consumer Finances," Federal Reserve Board, September 27, 2017, https://www.federalreserve.gov/econres/notes/feds-notes/recent-trends-in-wealth-holding-by-race-and-ethnicity-evidence-from-the-survey-of-consumer-finances-20170927.htm.

⁴⁹ Iris J. Lav and Michael Leachman, "State Limits on Property Taxes Hamstring Local Services and Should Be Relaxed or Repealed," CBPP, July 18, 2018, https://www.cbpp.org/research/state-budget-and-tax/state-limits-on-property-taxes-hamstring-local-services-and-should-be.

These are just a few alternatives for raising revenue; other options include taxing carbon pollution and resource extraction, modernizing state sales taxes, and eliminating supermajority requirements to raise revenue.⁵⁰

States lawmakers have a choice to make: either they continue to raise money through criminal justice fines, fees, and other harmful monetary sanctions or use revenue sources based on ability to pay and build a more equitable tax system. The second option produces revenue that grows more effectively over time, causes less harm to people and communities, and helps overcome long-standing racial and economic inequities that weaken our country.

⁵⁰ CBPP, "State Revenue Options for Investing in Families and Communities."

Appendix:

State Case Studies: How Criminal Justice Fines and Fees Hold Communities Back

Criminal justice fees and fines cause harm in every state, but the specific policies vary. The case studies below, which draw heavily on analyses by the Vera Institute of Justice, detail some of these specifics, and some of the ways these policies harm low-income people and communities of color.

Florida:

For Floridians, contact with the justice system is expensive, as an arrest, criminal conviction, or traffic ticket can result in court fees, incarceration fees, and probation and parole fees.⁵¹ For example, Floridians face a mandatory \$60 court fee for any misdemeanor and criminal traffic conviction, and a \$225 fee for all felony convictions.⁵²

With these criminal and traffic fines and fees, according to Vera's analysis, Florida's state and local governments accrued \$755 million in revenue in 2018 — of which \$313 million was collected by counties, \$312 million by the state, and \$132 million by municipalities. ⁵³ Money collected by the counties from conviction fines and flat fees were earmarked for juvenile justice, local law enforcement education, crime prevention, law libraries, court facilities, and technology, among other uses. ⁵⁴ As for state fine and fee revenue, \$256 million in criminal and traffic fines and fees were allocated to the state General Revenue Fund as well as dozens of other state trust funds, some of which went to bolstering state criminal justice operations and some to causes unrelated to the justice system. ⁵⁵ As a whole, fine and fee revenue represents a miniscule portion of the 2018 Florida state budget, 0.4 percent, and yet the impact of a fine or court fee for a minor traffic infraction can have a huge impact on someone's life. ⁵⁶

In 2018 the court system collected only 21 percent and 69 percent of the total charges assessed on felony and misdemeanor cases, respectively.⁵⁷ Even so, fines and fees sometimes cripple the financial

⁵¹ Chris Mai and Maria Rafael, "The High Price of Using Justice Fines and Fees to Fund Government in Florida," Vera Institute of Justice, December 2020, https://www.vera.org/downloads/publications/the-high-price-of-using-justice-fines-and-fees-florida.pdf.

⁵² Florida Office of Economic and Demographic Research, Detailed Revenue Report July 2020, http://edr.state.fl.us/content/revenues/reports/detailed-revenue-report/detailrpt_jul20.pdf.

⁵³ Mai and Rafael, "The High Price of Using Justice Fines and Fees to Fund Government in Florida."

⁵⁴ Ibid.

⁵⁵ *Ibid*.

⁵⁶ Florida Department of Corrections, "Annual Report: Fiscal Year 2017-18," https://www.floridaoig.com/library/Annual_rpts/2017-2018/2017-18-DOC-Annual-Report.pdf. For more detail on the commissary costs that are collected, see Florida Economic & Demographic Research, Revenue Impact Results, July 7, 2020, p. 608, https://edr.state.fl.us/Content/conferences/revenueimpact/archives/2020/pdf/Impact0707.pdf.

⁵⁷ While the collections rate is calculated as an amount collected in 2018 divided by the amount assessed in 2018, the amount collected includes amounts that were assessed in 2017 and before. See Florida Court Clerk & Comptrollers, "2018 Annual Assessments and Collections Report," https://flccoc.org/wp-content/uploads/2018/12/2018-Annual-Assessments-and-Collections-Report.pdf.

autonomy and mobility of those charged, culminating in long-lasting debt and diminishing access to employment opportunities and financial stability. Unpaid court debt often results in suspension of driver's licenses, which can restrict individuals from job opportunities that require a stable source of transportation. In Florida, 2 million of the 16 million driving population cannot legally drive due to unpaid court debt. ⁵⁸ Court debt is also widespread. A 2019 analysis concluded that 206,000 people carrying a felony conviction continued to owe fines and fees after completing their sentence, with Black people more likely to have court debt than their white counterparts. ⁵⁹

The justice system's fines and fees are not borne equally, leaving Black, brown, and low-income Floridians to bear their brunt. Despite comprising 17 percent of the state's population, for instance, Black Floridians represent 35 percent of arrests. The state has also used fines and fees as a means of legalized disenfranchisement; as noted above, a 2019 state law strips voting rights from people with felony convictions who have failed to pay all fines and fees. Florida's unjust justice system perpetuates racial and economic disparities with fines and fees, civically, socially, and economically hindering Black and brown communities and those living in poverty.

New York:

New Yorkers are subject to a variety of criminal justice fines and fees, including conviction surcharges, traffic fines, bail fees, commissary and phone call costs for incarcerated people, and costs associated with parole and probation. In 2016 over half a million (680,000) New Yorkers had their driver's license suspended for non-payment of fines and fees. And driving with a suspended license in New York can result in another \$630 charge; this puts someone who is already in a financially precarious situation at risk to incur additional fines and fees, as they may not be able to get to their job and will therefore incur late fees.

⁵⁸ U.S. District Court for the Northern District of Florida Tallahassee Division, *Kelvin Jones et al. v. Ron DeSantis et al.* Exhibit A: Expert Report of Daniel A. Smith, Ph.D., https://www.aclu.org/sites/default/files/field_document/gruver_v_barton_-

expert report of daniel a. smith ph.d.pdf.

⁵⁹ Data are from 34 counties that report revenues on "State Court Facility Surcharge (\$30)" to the Florida Office of Economic and Demographic Research. "Expenditures and Revenues Reported by Florida's County Governments," 2018, http://edr.state.fl.us/Content/local-government/data/revenues-expenditures/cntyfiscal.cfm.

⁶⁰ For example, a study from the *Herald Tribune* found that when a white defendant and a Black defendant score the same number of points for the same offense (based on criminal history and other factors), the Black defendant is sentenced to a longer prison stay in 60 percent of Florida felony cases. See Josh Salman, Emily Le Coz, and Elizabeth Johnson, "Florida's Broken Sentencing System," *Herald Tribune*, December 12, 2016,

http://projects.heraldtribune.com/bias/sentencing/. A 2013 study found that Black Floridians were more than four times as likely as white Floridians to be arrested for marijuana possession. See ACLU Foundation, "The War on Marijuana in Black and White," table A5, June 2013,

https://www.aclu.org/sites/default/files/field_document/1114413-mj-report-rfs-rel1.pdf.

⁶¹ See for example Carson Whitelemons, Ashley Thomas, and Sarah Couture, "Driving on Empty," Fines and Fees Justice Center, October 2019, https://finesandfeesjusticecenter.org/content/uploads/2019/11/florida-fines-fees-drivers-license-suspension-driving-on-empty.pdf. The report finds that Black people make up a disproportionate share of suspended licenses for non-payment, relative to their share of the population.

⁶² Fines and Fees Justice Center, "Driven by Justice Declares Victory," https://finesandfeesjusticecenter.org/story-map/new-york-drivers-license-suspensions/.

New York courts charge those convicted of a felony, misdemeanor, or traffic offense with a set of mandatory surcharges, with no possibility to reduce the amount based on ability to pay.⁶³ Compounding the financial burdens New Yorkers face, the government also charges telephone fees when incarcerated and fees for probation, parole, or pretrial services.

In 2018 New York state and local governments recorded revenue of at least \$1.21 billion from these criminal and traffic fines and fees — of which \$129 million originated from towns and villages, \$80 million from cities, \$200 million from counties, \$139 million from the state, and \$665 million from New York City courts, according to a Vera Institute analysis.⁶⁴

While criminal justice fines and fees typically only comprise 1 percent or less of the state's total budget, 0.7 percent of city budgets, and 0.2 percent of county budgets, fines and fees have a particularly harmful impact on poor, Black, and brown New York communities.⁶⁵ In a vicious cycle perpetuated by racist policies and practices ingrained in the criminal justice system, Black and brown people are more likely to be arrested for and convicted of an offense, and in turn, are more likely to be charged fines and fees, which in turn increases their interactions with police.⁶⁶

The impact of fines and fees extends far beyond a one-time financial setback, especially when a person struggles to foot the bill — they may lose their driver's license, be sent to jail, or receive a civil judgment that jeopardizes their chances of getting a loan or a job.⁶⁷ Fines and fees inflict severe collateral harm that hinders New Yorkers' economic and financial mobility and exacerbates financial instability in already impoverished communities.

Virginia:

According to Vera's analysis, Virginia has raised over \$409 million in fine and fee revenue in 2019, but at the expense of the financial stability of Virginians who encounter the justice system. For instance, Virginia courts assess fixed fees of \$375 for every felony, \$296.50 for every drug misdemeanor, and \$51 for all traffic infractions.⁶⁸

Of the \$409 million in 2019 fines and forfeitures collected by Virginia's state government, cities, counties, and towns, \$265 million was collected from the state. The remainder was collected by localities and local or regional jails. Millions of dollars were from people who struggled to pay their fines and fees and accrued late fees over time. Vera notes that at least \$2.4 million of government funds were extracted from people convicted of drug misdemeanors and marijuana possession. Some

⁶³ As a result of a law passed in August 2020, judges may choose to waive the mandatory surcharge and other fees for defendants under age 21. See New York Assembly Bill A5045, "Relates to allowing a court to waive certain surcharges and fees; repealer," 2019-20 Legislative Session, https://www.nysenate.gov/legislation/bills/2019/a5045.

⁶⁴ Mai and Rafael, op. cit.

⁶⁵ Ibid.

⁶⁶ FPWA, "Ending the Poverty to Prison Pipeline," April 2019, https://www.fpwa.org/wp-content/uploads/2019/04/FPWAs-Ending-the-Poverty-to-Prison-Pipeline-Report-2019-FINAL.pdf; Prison Policy Initiative and VOCAL-NY, "Mapping Disadvantage: The Geography of Incarceration in New York State," February 19, 2020, https://www.prisonpolicy.org/origin/ny/report.html.

⁶⁷ Mai and Rafael, op. cit.

⁶⁸ Virginia Law Library, Code of Virginia, Title 17, Chapter 2, https://law.lis.virginia.gov/vacode/title17.1/chapter2/.

\$46 million was allocated to the state's general fund, while smaller amounts were distributed to a separate drug enforcement fund and a criminal justice staff training fund.⁶⁹

Virginia has also made a practice of targeting its incarcerated population as a revenue source. ⁷⁰ In 2019 Virginia's jails accumulated \$47 million in revenue from incarcerated people through commissary (hygiene products, food, and other items inmates can buy) revenue, telephone fee revenue, medical co-pays, work release fees, and other fees. ⁷¹ This is equivalent to charging each incarcerated person almost \$1,700 in 2019. ⁷²

For low-income people in Virginia who cannot pay fees and fines right away, costs grow fast — court costs that are unpaid after 180 days begin to accrue 6 percent interest. Moreover, once a person fails to pay mandated costs, courts can issue a summons or a jail sentence of up to 60 days and an additional fine of up to \$500.⁷³ These costs are too high for many Virginians to meet and are often left unpaid. In 2019, the state collected only 63 percent of its assessments while the circuit courts and juvenile and domestic relations courts only collected 50 percent and 39 percent, respectively.⁷⁴

Recently Virginia has started to reform its fees and fines system; in 2020, the state stopped suspending driver's licenses of people who cannot pay criminal legal fines and fees, a policy that was affecting nearly 1 million Virginians.⁷⁵ In 2021 the state extended the grace period after which interest is charged on unpaid debt in an effort to help people struggling to pay their charges.⁷⁶ Despite these positive developments, Virginia needs a more sweeping set of reforms to end its reliance on fines and fees and restructure how it raises revenue to help people and communities thrive and live untangled from the financial burden of fines and fees.

⁶⁹ Mai, op. cit.

⁷⁰ Commonwealth of Virginia Compensation Board, "FY 2019 Jail Cost Report: Annual Jail Revenues And Expenditures Report (Including Canteen & Other Auxiliary Funds)" Commonwealth of Virginia Compensation Board, November 1, 2020, https://www.scb.virginia.gov/docs/fy19jailcostreport.pdf.

⁷¹ Mai, op. cit.

⁷² Mai, op. cit.

⁷³ Virginia Department of Judicial Services, *General District Court Manual*, 2021, Chapter 3, http://www.courts.state.va.us/courts/gd/resources/manuals/gdman/chapter03.pdf.

⁷⁴ Compensation Board, "FY19 Fines & Fees Report, 2019," December 1, 2019, https://www.scb.virginia.gov/docs/fy19finesandfeesreport.pdf.

⁷⁵ In 2016, 914,000 Virginians lacked a driver's license due to unpaid fines and fees. *Stinnie v. Holtomb*, Civ. No. 3:16-cv-44 (W.D. Va.) (Brief Of Amicus Curiae Virginia State Conference Of The NAACP Opposing Defendant's Motion To Dismiss, filed November 4, 2016), p. 2, https://casetext.com/brief/stinnie-et-al-v-holcomb-brief-in-opposition-to-9-motion-to-dismiss. In fiscal 2016 alone, the commonwealth suspended the licenses of 281,000 people. Steven L. Dalle Mura, "Briefing on the Collection of Court Costs and Fines," Virginia House Appropriations Committee, January 23, 2017, p. 8, https://hac.virginia.gov/committee/files/2017/01-23-17/Collection%20of%20Fines%20and%20Costs%20and%20License%20Suspension.pdf.

⁷⁶ Mai, op. cit.

Washington State:

Fines and fees are a central component of Washington's criminal legal process. From the initial arrest and booking to sentencing and incarceration, Washingtonians face a range of fees and fines including, for example, an assessment for victims and a \$100 DNA collection fee. Washington's criminal code even allows courts to charge people up to \$50 and \$100 per day to fund their own incarceration in prison and jail, respectively.

Vera's researchers were able to identify \$267.8 million in fine and fee revenue for Washington State and local governments in 2018. According to Vera's analysis, at least \$103 million was collected by municipalities; at least \$90 million by counties; and at least \$74 million by the state.⁷⁷ Three types of Washington courts collect these revenues: superior courts, district courts, and municipal courts. The \$74 million that was deposited in the state's general fund is designated for virtually all government purposes and court functions, including those unrelated to the justice system.⁷⁸ Like in other states, fines and fees are a relatively insignificant part of the state's budget but can have severe consequences for individuals.⁷⁹

For Washingtonians, a typical felony conviction can cost thousands of dollars in fees, fines, and other forms of debt related to a conviction, also known as legal financial obligations (LFOs). Not surprisingly, many people are unable to pay these costs; only about 23.8 percent of all LFOs are paid in Washington. 81

Criminal justice debt is particularly high in Washington; one study found it to be \$426 per capita, the highest of the nine states for which adequate data were available. A 2014 analysis by the ACLU of Washington and Columbia Legal Services reported that the average felony conviction in Washington resulted in LFO's totaling \$2,540, an amount that's very difficult if not impossible for many low-income people to pay. Even today that amount is more than the monthly income of a

⁷⁷ Rafael, op. cit.

⁷⁸ *Ibid*.

⁷⁹ Washington's combined state and local expenditures were \$78.6 billion in fiscal 2018. Urban Institute, "State and Local Finance Initiative: Washington," database (Washington, DC: Urban Institute), https://www.urban.org/policy-centers/cross-center-initiative/state-andlocal-finance-initiative/projects/state-fiscal-briefs/washington. For an archived version of the data as available at the time this report was prepared, see https://www.urban.org/policy-centers/cross-center-initiative/state-and-local-finance-initiative/projects/state-fiscal-briefs/washington.

⁸⁰ Rafael, op. cit.

⁸¹ ACLU of Washington, "Legislature passes bill to bring fairness to Washington's system of Legal Financial Obligations," March 6, 2018, https://www.aclu-wa.org/news/legislature-passes-bill-bring-fairness-washington%E2%80%99s-system-legal-financial-obligations.

⁸² Briana Hammons, "Tip of the Iceberg: How Much Criminal Justice Debt Does the U.S. Really Have?" FFJC, April 2021, https://finesandfeesjusticecenter.org/content/uploads/2021/04/Tip-of-the-Iceberg Criminal Justice Debt BH1.pdf.

⁸³ ACLU of Washington and Columbia Legal Services, "Modern Day Debtors Prisons in Washington," February 10, 2014, https://aclu-wa.org/docs/modern-day-debtors-prisons-washington.

minimum-wage worker. ⁸⁴ The juxtaposition of these numbers depicts a clear story of how unaffordable fines and fees can be and how easily people incur debt as a result. Looking closer at Washington's fines and fees system reveals an even bleaker reality for Black, brown, and Indigenous people and those living in poverty. In Pierce County, Washington, Black and Native American residents are more likely to be charged higher fines and fees than their white peers for the same offense categories. ⁸⁵ Even more, a 2020 report found that Black people are more likely to be incarcerated following an unpaid Seattle Municipal Court fine or fee compared to any other racial or ethnic group. ⁸⁶ Washington's reliance on fines and fees destabilizes the lives of everyday people, their families, and communities while worsening racial and economic disparities.

.

⁸⁴ The minimum wage in Washington in 2021 is \$13.69 per hour, which amounts to a monthly income of \$2,373 for a full-time worker. Note that Seattle's minimum wage is higher, at \$15 per hour.

⁸⁵ Karin D. Martin, "Mitigating and Understanding the Nature, Extent, and Harms of Criminal Justice Debt in Pierce County," report to the West Coast Poverty Center, May 15, 2019, pp. 5-10, https://www.vera.org/downloads/publications/the-high-price-of-using-justice-fines-and-fees-washington.pdf.

⁸⁶ Frank Edwards and Alexes Harris, "An Analysis of Court Imposed Monetary Sanctions in Seattle Municipal Courts, 2000-2017." August 15, 2020, https://doi.org/10.31235/osf.io/ajpqc.