

HOW CRIMINAL FEES AND FINES FUND STATE AND COUNTY GOVERNMENT IN TENNESSEE

Criminal fees, fines, and other financial obligations serve as both punishment and a source of funding for the criminal justice system. Many policymakers, however, may not fully appreciate the extent of their use and the trade-offs they entail. This report begins to quantify for the first time how Tennessee's state and local governments use criminal fees and fines to raise revenue.

A prior report [explains the fees and fines people can incur](#) through Tennessee's criminal justice system and how they affect everyone from the accused, convicted, and incarcerated to victims, law enforcement, and the courts. Future work will look at options for policymakers who want to consider alternatives or address any unintended consequences.

KEY TAKEAWAYS

- Fees and fines collected by the Dept. of Revenue are a relatively small and shrinking part of the state budget (\$37.9 million in 2019). Other agencies' collections are not public.
- In recent years, Tennessee's county governments collected about \$180 million in annual fee and fine revenues. That may be as little as one quarter of the amount they assessed.
- Despite wide variation, fees and fines are generally small and shrinking compared to other county revenues. On average they pay for about 15% of local spending on criminal justice.
- Our analysis suggests that differences in fees and fines may have more to do with local decisions and policies than with more easily-measured factors like crime or demographics.

Overview

Fees and fines help pay for many essential functions of the criminal justice system, but they can have unwanted side effects. [As our previous report explains](#), they may incentivize governments to focus on law enforcement activities that raise revenue – and that revenue is not always reliable. (1) For people who have trouble paying, meanwhile, fees and fines can prolong their involvement in the criminal justice system and make it harder to get ahead.

Tracking Fees & Fines

In Tennessee, complex allocation formulas, decentralized collection, and insufficient data make it hard to track how this money is used. (2) State law authorizes over 360 fees, fines, taxes, and other legal financial obligations (LFOs), which various authorities within the criminal justice system collect. Since defendants can accumulate numerous LFOs in any given case that each have specific collectors, recipients, and purposes, it is difficult to track who gets the revenue and how they spend it.

Terminology

"Criminal justice fees and fines," "criminal justice financial obligations," "legal financial obligations," and criminal justice debt all refer to costs a person may owe as they move through the criminal justice system.

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Fees & Fines in State & County Budgets

Total state and county LFO revenues in Tennessee may have fallen over the last 12 years, based on the available data. (3) (4) However, a full picture of state revenue is not available. There were also large variations across the state, as some counties collected much more during FYs 2017-2019 and others much less than a decade prior.[†] Nationally, research suggests that state and local governments' reliance on fees and fines grew significantly in the 1970s, '80s, and '90s. (5) (6) Due to the limited data available, it is not clear if those trends held true in Tennessee.

The most recent county court data available suggest that fees and fines may not always be a reliable source of revenue. In

FY 2012, Tennessee's criminal courts only collected about a fourth of all fees and fines that people owed. Nine counties recouped less than 20%, and only five got more than half. In other states, research revealed that some local governments actually lose money trying to collect fees and fines. (7)

Fees and fines are generally small and shrinking compared to Tennessee counties' other revenues, but they still pay for about 15% of criminal justice spending. Across 90 state-

audited counties in FYs 2017-2019, fee and fine revenues – including some money from civil matters – averaged about \$0.03 for every dollar of local tax revenue and 15% of all public safety and criminal justice spending. Both of these proportions were lower than in FYs 2007-2009, largely due to growth in tax revenues and criminal justice spending. (8) We used 3-year averages of counties' financials to smooth out any one-year spikes in fees and fines, because it offers a clearer picture of those revenues in a typical year.

Assessments: Total fees and fines owed by individuals to a local court system.

Collections: Total fees and fines collected by a local court system from the amount owed – including those that will ultimately be remitted to the state.

Revenues: All fees and fines collected by local authorities that support a county's annual budget.

Explaining Differences in Local Fees & Fines

Our analysis suggests fee and fine variation may have more to do with local decisions and policies than with more easily-measured factors like crime or demographics. Counties with the highest LFOs tended to have higher crime rates and a larger share of black and/or Hispanic residents. Controlling for other factors, however, neither those nor any other county characteristics we looked at had a consistently significant impact on LFOs. This suggests that the biggest determinant of LFO variation across Tennessee are factors we have not yet identified or can't easily measure – like the decision and practices of local officials. (2) (9) (10) (11) (12) (13) (14) (15) (16)

What's Missing?

This report begins to quantify how Tennessee's state and local governments raise revenue from criminal fees and fines, but information gaps remain. Our analysis is limited by a lack of publicly-available data with the detail and duration required to draw stronger conclusions. Better data and additional research would paint a more precise picture of long-term trends and variation in state and county reliance on LFO revenues, as well as the sources of those differences. More information could also shed light on the indirect costs of fees and fines – including what counties spend to collect them, the costs of prolonged criminal justice involvement, and any downstream impact on tax revenue tied to things like employment and productivity.

The sections that follow explain our analyses in more detail.

Following the Money

Tennessee's complex system of criminal fees and fines makes it tough to understand their financial impact on state and local government. Challenges include:

- The sheer number of potential financial obligations.
- Local discretion and variation in optional or county-specific fees and fines.
- The many hands through which money can pass.
- Involvement of both state and local government and private entities.
- Complex formulas for distributing the money.
- Several factors that affect how payments are applied to the specific LFOs a person might owe.
- The conversion of unpaid criminal fees and fines to civil debt.

Figure 1. The Complexity of Tennessee's Criminal Fees & Fines Creates Challenges for Counting and Following the Money

The Flow of Criminal Fees and Fines in Tennessee

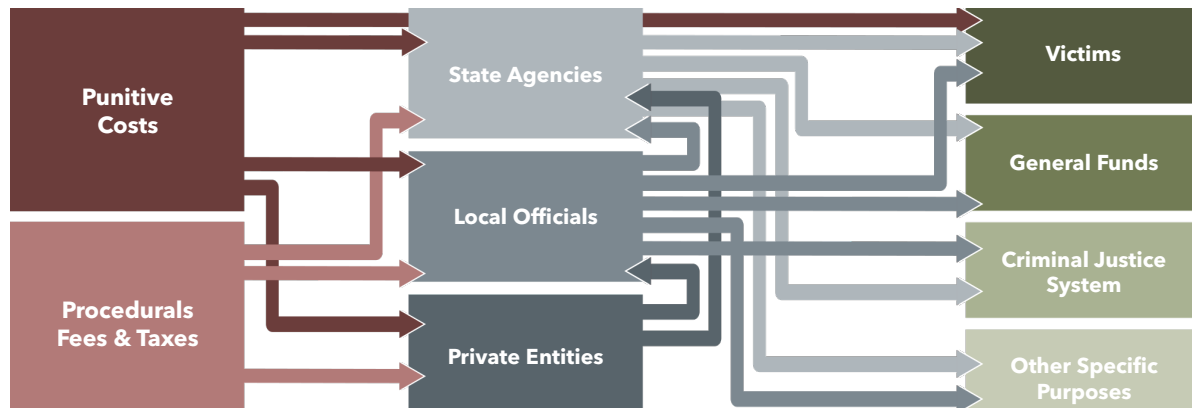
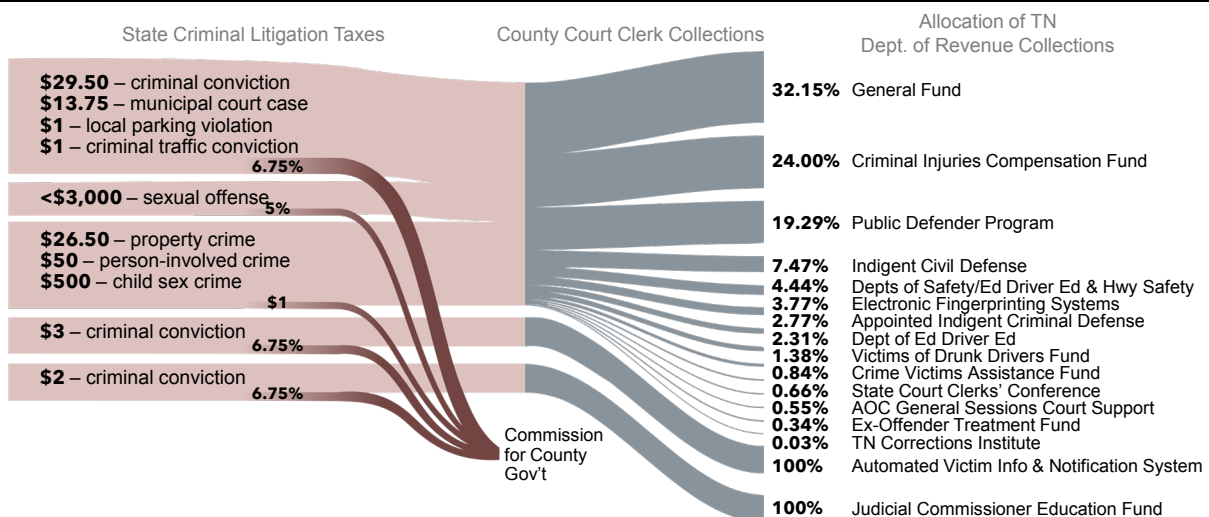


Figure 2. Local Courts Collect Tennessee's 10 Criminal Litigation Taxes, Which Flow to 17 Different Funds, Programs, and Purposes



Source: The Sycamore Institute's analysis of the Tennessee Code (2) (17) (18) (19) (20) (21)

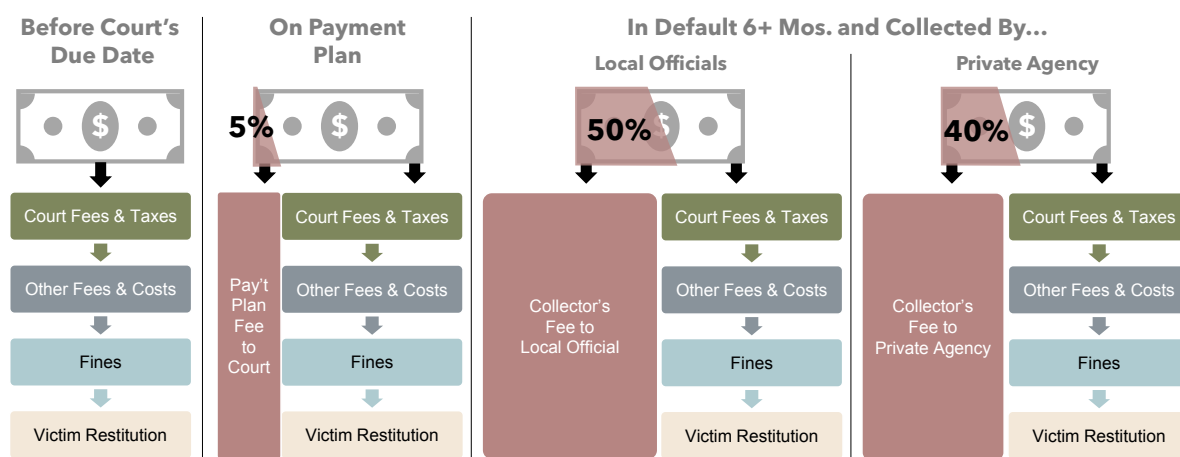
A patchwork of state, local, and private entities collect Tennessee's criminal fees and fines, and the flow of money to various purposes can be hard to isolate (Figure 1). Much of the money flows through county court clerks, who keep some but distribute most to state agencies, other local officials, and victims. Many courts and their clerks also have jurisdiction over and collect fees and taxes for civil cases as well. Meanwhile, some state and local agencies hire third-party collection vendors, who may keep a portion as commission. Of the money that ultimately ends up with state and local governments, some helps to fund specific parts of the criminal justice system and other, often-related programs, while the rest becomes general purpose revenue.

The flow of 10 criminal litigation taxes required or allowed by state law illustrates some of this complexity (Figure 2). These taxes range from \$1 for each criminal traffic conviction or local public parking violation to up to \$3,000 for a sexual offense conviction. Local court clerks collect the money, and counties keep a commission – ranging from \$1 each for certain convictions to a blanket 6.75% cut of others. Municipal courts sometimes have different commission rates. (17) (18) (20) Clerks send the rest to the Tennessee Department of Revenue, which distributes it according to specific formulas written into state law for each tax.

- Collections from eight of 10 statewide criminal litigation taxes are allocated to 14 different state government funds and programs (**Figure 2**) – ranging from 35.1502% for the General Fund to 0.0320% for the Tennessee Corrections Institute. (21) (2)
- All collections from the \$3 tax on criminal convictions help to fund a state victim notification system. (17)
- All collections from a separate \$2 tax on criminal convictions go to a judicial commissioner fund. (17)

Figure 3. Several Factors Determine How Payments for Criminal Fees & Fines Are Allocated

Allocation of Payments Toward Criminal Fees & Fines by Timing, Payment Method, and Collector in TN for Cases Adjudicated Before January 1, 2022



All amounts in one category must be paid off before payments are applied to the next. For all cases adjudicated after January 1, 2022, payments are first applied to restitution, but the order otherwise remains the same. (43)

Source: Tenn. Code Ann. § 40-24-105 (22)

Several other factors can also affect where payments for criminal fees and fines in Tennessee end up (Figure 3). For people with multiple types of criminal financial obligations, state law requires that any payments go to settle court fees and taxes first, then jail fees and other incarceration costs, then fines, and finally restitution. For cases adjudicated after January 1 2022, payments will first go towards restitution, but the order otherwise remains the same. (43) Some courts may offer payment plans but can require up to 5% of each payment go toward a special installment plan fee. Once a criminal justice debt is in default for at least six months, up to 50% of any of payment goes to whichever local agency collected it as a collection fee. If local officials hire a third-party collector, that private entity gets up to 40% as a collection fee. In both cases, the rest applies in the priority order noted above.

Finally, unpaid criminal fees and fines often become civil debt - further complicating efforts to tally the full fiscal impact of legal financial obligations. If a judge converts criminal debt into civil debt, the criminal consequences go away but civil litigation taxes and fees will apply as in any other civil case (e.g. disputes over contracts or unpaid private debt). The debts in these cases continue to have fiscal effects on state and local government, but they are mixed in with the effects of other, unrelated types of civil cases.

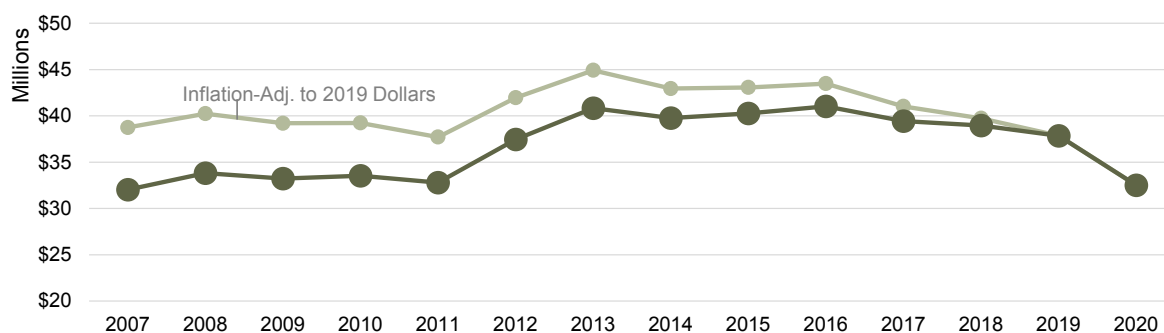
Fees & Fines in the State Budget

Publicly available information provides an incomplete picture of the role that criminal fees and fines play in the state budget. The state does publicly track collections from certain fees and fines that support both the General Fund and any of the specific purposes that each of them fund like those in **Figure 3**. There are also recent data on asset forfeitures that support state law enforcement. However, specific, detailed information on fee and fine revenues for other agencies is not available. This limits the ability to take a comprehensive look at Tennessee state governments' reliance on legal financial obligations.

The Tennessee Department of Revenue (DOR) collected \$37.9 million in litigation taxes and other court fees and fines in FY 2019 (Figure 4). (23) These revenues increased by nearly 25% between FYs 2011 and 2013 but have since been relatively flat or falling, depending on the specific fee or tax. FY 2020 saw large drops, likely due to COVID-related changes to court dockets and restrictions on certain civil actions. (24)

Figure 4. Court Fees & Fines Collected by the TN Dept. of Revenue Fell in Recent Years After a Sharp Increase

Court Fees & Fines Collected by the Tennessee Department of Revenue (FYs 2007-2020)

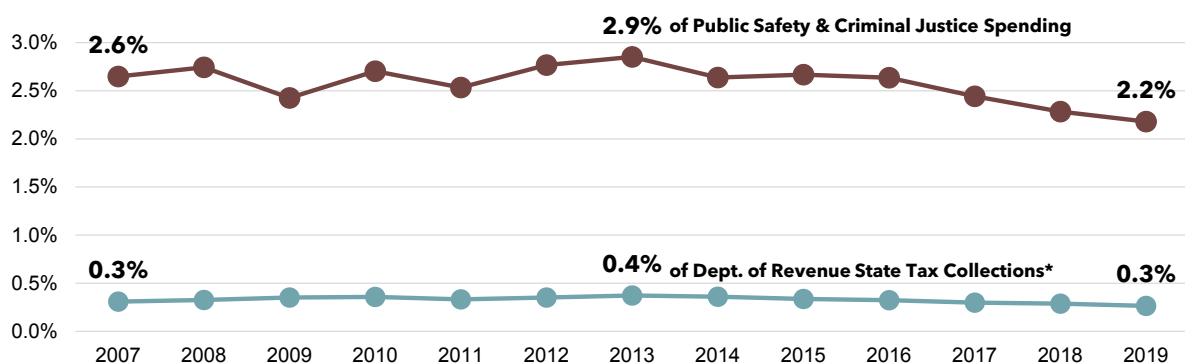


Note: Does not include any fees and fines collected directly by other state agencies (e.g. Dept. of Correction, Dept. of Safety). See the **Methods Appendix** for more details. Source: The Sycamore Institute's analysis of data from the Tennessee Department of Revenue's Monthly Collections Spreadsheets and the U.S. Bureau of Economic Analysis (25)

While DOR court revenues are the sole or main funding source for certain state programs, they play a relatively small and declining role in the overall state budget. Each of the court fees and taxes the department collects go into either the state's General Fund or to specific programs that also get General Fund dollars (e.g. Criminal Injuries Compensation Fund, Civil Legal Representation Fund, etc.). In FY 2019, this money totaled about 0.3% of all state taxes DOR collected (not including Highway Fund revenue) and about 2.2% of the \$1.7 billion spent on public safety, criminal justice, and the courts. Those proportions have fallen since FY 2013 (**Figure 5**). (23) (3)

Figure 5. Court Fees & Fines Collected by the Dept. of Revenue Are a Relatively Small and Shrinking Part of Tennessee's Budget

TN Dept. of Revenue Court Revenues vs. State Taxes and Criminal Justice Spending (FYs 2007-2019)



*Excludes Highway Fund revenues. Note: Does not include any fees and fines collected directly by other state agencies (e.g. Dept. of Correction, Dept. of Safety). See the **Methods Appendix** for more details.

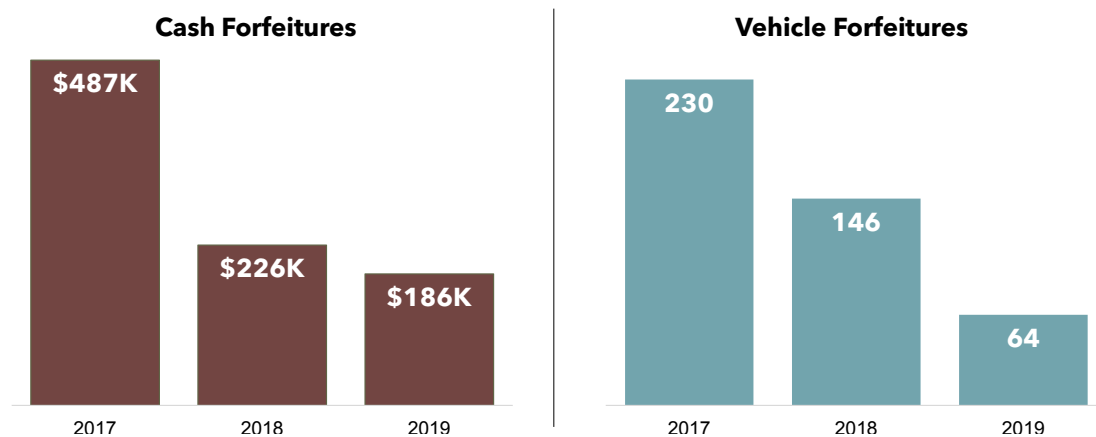
Source: The Sycamore Institute's analysis of information from the Tennessee Department of Revenue's Monthly Collections Spreadsheets and the FYs 2009-2021 Tennessee State Budgets

Criminal fees, taxes, and fines collected by other state agencies may play a larger role in their budgets, but that information is generally not public. Criminal justice-related fees are one type of a broader set of agency-specific fees that help fund the Department of Correction (TDOC), the Department of Safety & Homeland Security, and the Tennessee Bureau of Investigation (TBI). In FY 2016, for example, TBI got 22% of its budget (over \$16 million) from agency-specific fees and assessments. TDOC collected \$15 million that year – just 2% of its budget. (26) However, the data were only reported in one year and do not show how much of those fees came from criminal justice-related activities as opposed to other services (e.g. TBI background checks). Detailed and up-to-date information on agencies' direct collections are necessary to know the full impact of fees and fines on state finances.

Relatively minor proceeds from asset forfeitures help cover some costs for the Department of Safety and TBI. The state began reporting asset forfeitures at the agency level in 2017. In 2019, 64 vehicles and just under \$186,000 were forfeited to TBI and the Tennessee Highway Patrol – a large drop from two years earlier (**Figure 6**). About \$315,000 from these and prior years' proceeds paid for small expenses related mostly to helicopter repair. Local law enforcement and special drug task forces make the vast majority of asset seizures in Tennessee. In 2019, they accounted for 98% of all cash and 96% of all vehicle forfeitures. (27)

Figure 6. Assets Forfeited to TBI and the Tennessee Highway Patrol Fell Sharply After 2017

Asset Forfeitures by the TN Bureau of Investigation and Highway Patrol (CYs 2017-2019)



Source: Tennessee Department of Safety (27)

Fees & Fines in County Budgets

In recent years, Tennessee’s county governments collected about \$180 million in annual fee and fine revenues - though that includes some funds from civil cases. (4) (28) (29) (30) We analyzed 12 years of financial and budget data for all but one county to understand how these revenues vary across time and place. For 90 counties, we used state-audited annual financial data. (9) For four of the remaining counties - Davidson, Hamilton, Knox, and Shelby - we consulted annual budget and financial documents. (28) (31) (32) (29) (30) Below, we discuss the 90 counties as a group and the other four individually.

This analysis is the first to quantify the use of fee and fine revenues in almost every Tennessee county, but there are limitations. Most significantly, we could not fully isolate money related to criminal violations from funds tied to civil matters (e.g. private lawsuits, child support cases). For example, our analysis includes courts and officers with jurisdiction over both civil and criminal issues (e.g. circuit and general sessions courts and clerks). In addition, the information here may not be fully comparable for all counties due to the different data sources used. Finally, this study does not include any fees and fines collected by municipalities.

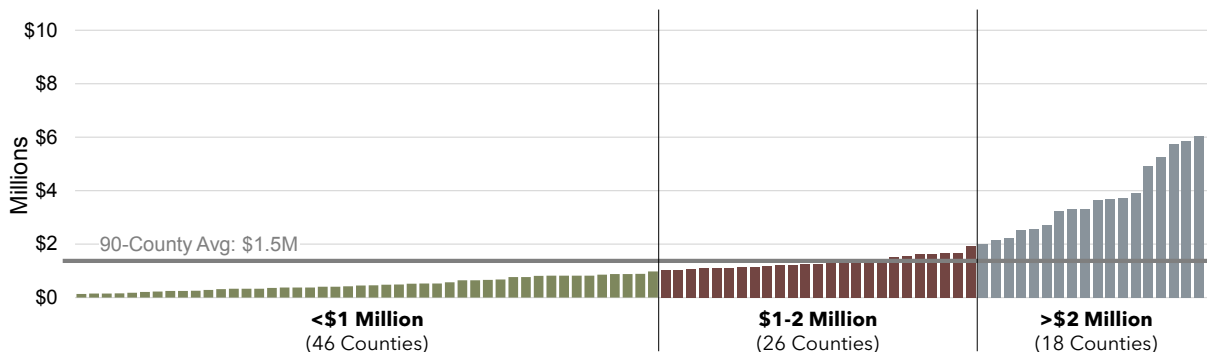
For more information on our data sources and a full discussion of our assumptions and limitations, see the **Methods Appendix**.

Fee & Fine Revenues in the 90 State-Audited Counties

The 90 state-audited counties together relied on a total of about \$130 million in LFO revenues to fund county operations each year between FYs 2017-2019. Over this period, average LFO-supported operational costs ranged from \$140,000 annually in Moore County to nearly \$11 million a year in Rutherford (**Figure 7**). Adjusting for population, the average reliance on fee and fine revenues each year ranged from about \$12 per resident in Bledsoe County to nearly \$100 in Dickson (**Figure 8**). (4) (25) (11) (33)

Figure 7. About Half of Tennessee's Counties Collect Less than \$1 Million in Fee & Fine Revenues Each Year

FYs 2017-2019 Avg. Annual Fee & Fine Revenues Supporting County Operations (Inflation-Adj. to 2019 Dollars)



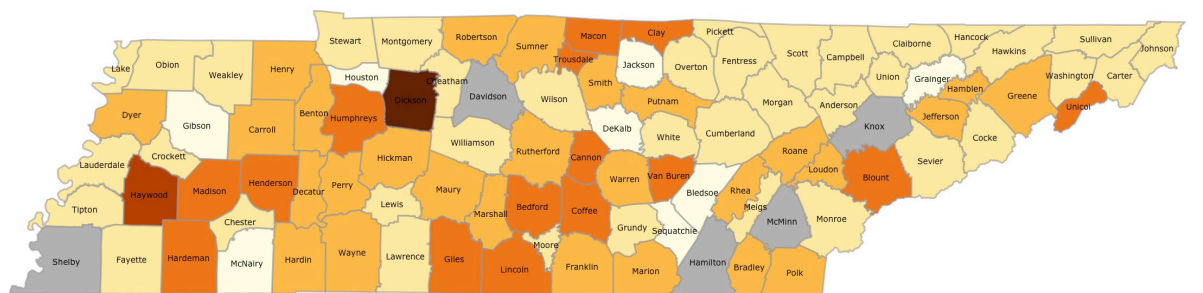
Note: Shows only the 90 counties audited each year by the state. Excludes Davidson, Hamilton, Knox, McMinn, and Shelby Counties whose annual financials are independently audited. We used an average over FYs 2017-2019 to smooth out any one-year spikes in fees and fines and show a clearer picture of revenues in a typical year. Does not include revenues from entities with jurisdiction over exclusively civil matters (e.g. Chancery Court) but includes revenues from entities with shared jurisdiction (e.g. General Sessions Court). See the **Methods**

Appendix for more details and results.

Source: The Sycamore Institute's analysis of financial data from the Tennessee Comptroller of the Treasury and the U.S. Bureau of Economic Analysis (4) (25)

Figure 8. Counties Audited by the State Relied on a Little Over \$31 per Resident in Fees & Fines Each Year, on Average

FYs 2017-2019 Avg. Annual Per Capita Fee & Fine Revenues (Inflation-Adj. to 2019 Dollars)



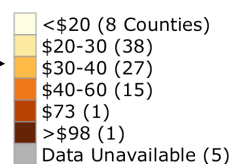
5 Highest:

1. Dickson	\$98.14
2. Haywood	\$73.13
3. Coffee	\$58.04
4. Henderson	\$54.21
5. Giles	\$52.61

5 Lowest:

86. McNairy	\$18.49
87. Houston	\$17.71
88. Grainger	\$17.53
89. Gibson	\$16.67
90. Bledsoe	\$12.23

Statewide (\$31) ▶



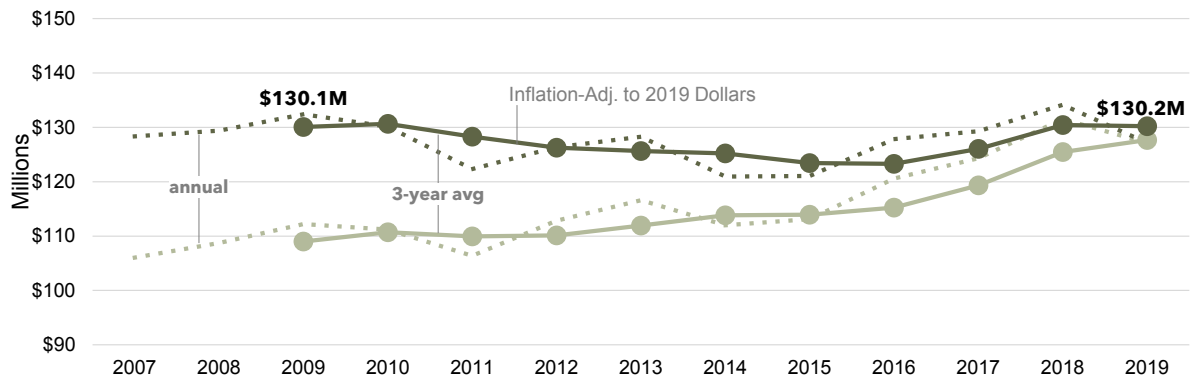
Note: Includes only the 90 counties audited each year by the state. Excludes Davidson, Hamilton, Knox, McMinn, and Shelby Counties whose annual financials are independently audited. We used an average over FYs 2017-2019 to smooth out any one-year spikes in fees and fines and show a clearer picture of revenues in a typical year. Does not include revenues from entities with jurisdiction over exclusively civil matters (e.g. Chancery Court) but includes revenues from entities with shared jurisdiction (e.g. General Sessions Court). See the **Methods**

Appendix for more details and results.

Source: The Sycamore Institute's analysis of financial data from the Tennessee Comptroller of the Treasury, the U.S. Census Bureau, and the U.S. Bureau of Economic Analysis (4) (25) (11) (33)

Figure 9. Altogether, Tennessee Counties' Inflation-Adjusted Fee & Fine Revenues Were Relatively Flat Over the Last Decade

Annual Total Fee & Fine Revenues (FYs 2007-2019)



Note: Includes only the 89 counties audited in each of FY 2007-2019 by the state. Excludes Davidson, Hamilton, Knox, McMinn, Shelby, and Washington Counties whose annual financials were independently audited in some or all of these years. We used a three-year average to smooth out any one year spikes in fees and fines and show a clearer picture of revenues in a typical year. Does not include revenues from entities with jurisdiction over exclusively civil matters (e.g. Chancery Court) but includes revenues from entities with shared jurisdiction (e.g. General Sessions Court).

Source: The Sycamore Institute's analysis of financial data from the Tennessee Comptroller of the Treasury and the U.S. Bureau of Economic Analysis (4) (25)

The state-audited counties together rely on about the same amount of fee and fine revenue each year as they did a decade prior. After adjusting for inflation, the total amount of annual LFO revenues increased from \$130.1 million in '07-'09 to \$130.2 million in '17-'19 – a 0.1% increase among the 89 counties with data available for all years (**Figure 9**). (4) (25)

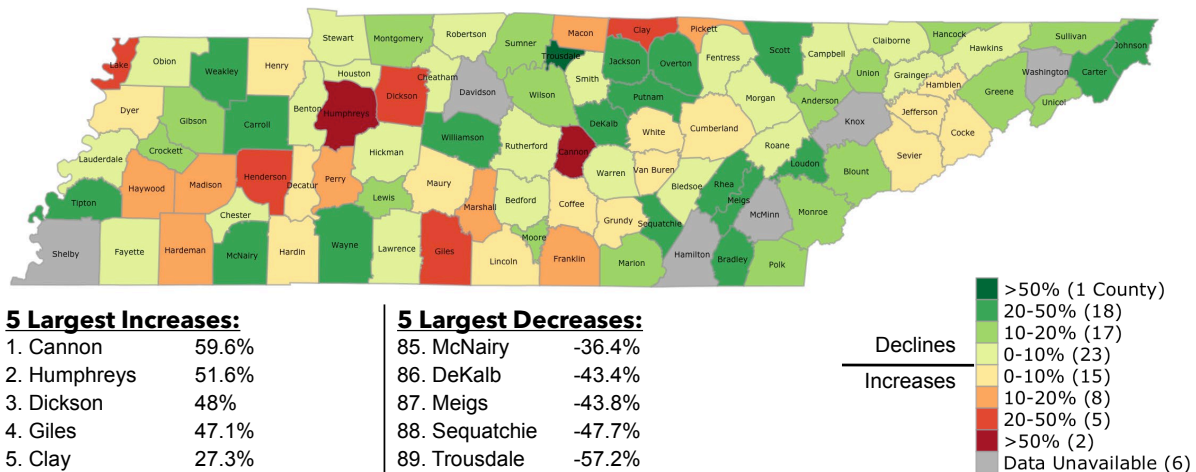
However, some individual counties had a significant change in fee and fine revenues (Figure 10). For example, Sequatchie County experienced an inflation-adjusted 44% drop in annual fee and fine revenues while Cannon saw a 68% increase. The variation was similar for fee and fine revenues per capita – which accounts for changes in population between '07-'09 and '17-'19. (4) (25)

For context, we compared county governments' fee and fine revenues with local tax revenues and their spending on public safety and criminal justice. We found:

- On average, annual fee and fine revenues totaled about \$0.03 for every dollar of local tax revenue in '17-'19 – ranging from \$0.01 in Williamson County to \$0.09 in Dickson. (**Figure 11**)
- Fee and fine revenue accounted for about 15% of average county spending on public safety and criminal justice in '17-'19 – varying from 1% in Trousdale County to 31% in Dickson (**Figure 12**).
- Between '07-'09 and '17-'19, most counties had relatively stable fee and fine revenues while local tax revenues and spending on public safety and criminal justice increased.

Figure 10. About 2 out of 3 Tennessee Counties Rely on Less Fee & Fine Revenue per Resident than a Decade Ago

Avg. Annual Fee & Fine Revenues Per Capita - FYs 2017-2019 vs. FYs 2007-2009 (Adj. for Inflation)

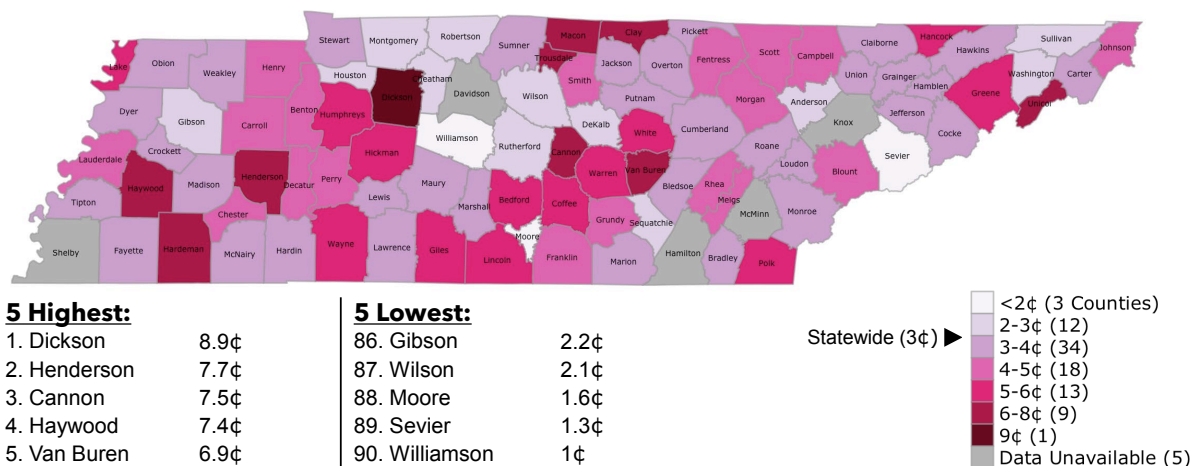


Note: Includes only the 89 counties audited in each of FY 2007-2019 by the state. Excludes Davidson, Hamilton, Knox, McMinn, Shelby, and Washington Counties whose annual financials were independently audited in some or all of these years. We used a three-year average to smooth out any one-year spikes in fees and fines and show a clearer picture of revenues in a typical year. Does not include revenues from entities with jurisdiction over exclusively civil matters (e.g. Chancery Court) but includes revenues from entities with shared jurisdiction (e.g. General Sessions Court). See the **Methods Appendix** for more details and results.

Source: The Sycamore Institute's analysis of financial data from the Tennessee Comptroller of the Treasury, the U.S. Census Bureau, and the U.S. Bureau of Economic Analysis (4) (25) (11) (33)

Figure 11. State-Audited Counties Collect About 3¢ in Fee & Fine Revenue for Every \$1 of Local Tax Revenue

FYs 2017-2019 Avg. Annual Fee & Fine Revenue for Each Dollar of Local Tax Revenue (Adj. for Inflation)

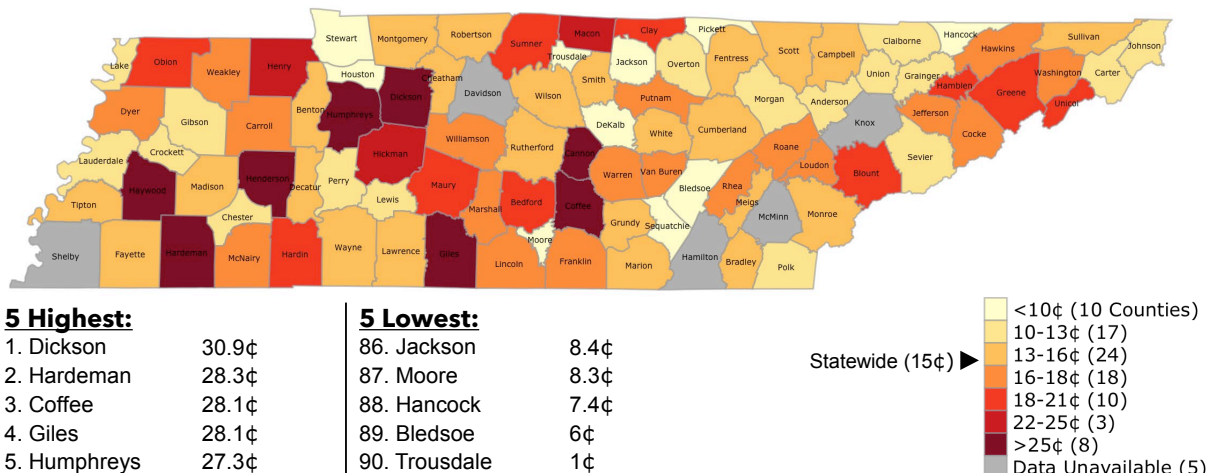


Note: Includes only the 90 counties audited each year by the state. Excludes Davidson, Hamilton, Knox, McMinn, and Shelby Counties whose annual financials are independently audited. We used an average over FYs 2017-2019 to smooth out any one-year spikes in fees and fines and show a clearer picture of revenue in a typical year. Does not include revenues from entities with jurisdiction over exclusively civil matters (e.g. Chancery Court) but includes revenues from entities with shared jurisdiction (e.g. General Sessions Court). See the **Methods Appendix** for more details and results.

Source: The Sycamore Institute's analysis of financial data from the Tennessee Comptroller of the Treasury and the U.S. Bureau of Economic Analysis (4) (25)

Figure 12. State-Audited Counties Rely on About 15¢ in Fee & Fine Revenue for Every \$1 Spent on Public Safety and Criminal Justice

FYs 2017-2019 Avg. Annual Fee & Fine Revenue for Each Dollar Spent on Public Safety (Adj. for Infl.)

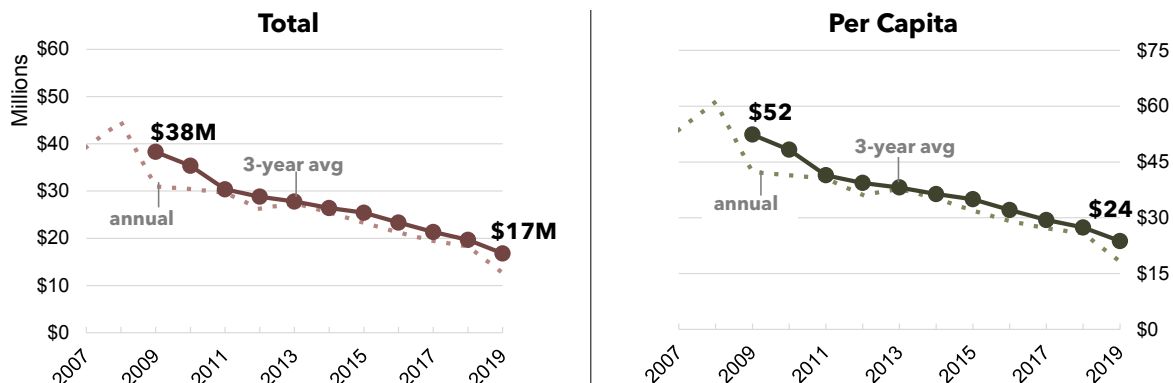


Note: Includes only the 90 counties audited each year by the state. Excludes Davidson, Hamilton, Knox, McMinn, and Shelby Counties whose annual financials are independently audited. We used an average over FYs 2017-2019 to smooth out any one-year spikes in fees and fines and show a clearer picture of revenue in a typical year. Does not include revenues from entities with jurisdiction over exclusively civil matters (e.g. Chancery Court) but includes revenues from entities with shared jurisdiction (e.g. General Sessions Court). See the **Methods Appendix** for more details and results. Source: The Sycamore Institute's analysis of financial data from the Tennessee Comptroller of the Treasury and the U.S. Bureau of Economic Analysis (4) (25)

For the full results of our analyses, see the **Methods Appendix**.

Figure 13. Davidson County's Fee & Fine Revenue Fell More than 50% in a Decade

Annual Fee & Fine Revenue in Davidson County Budget (FYs 2007-2019) (Inflation-Adj. to 2019 Dollars)

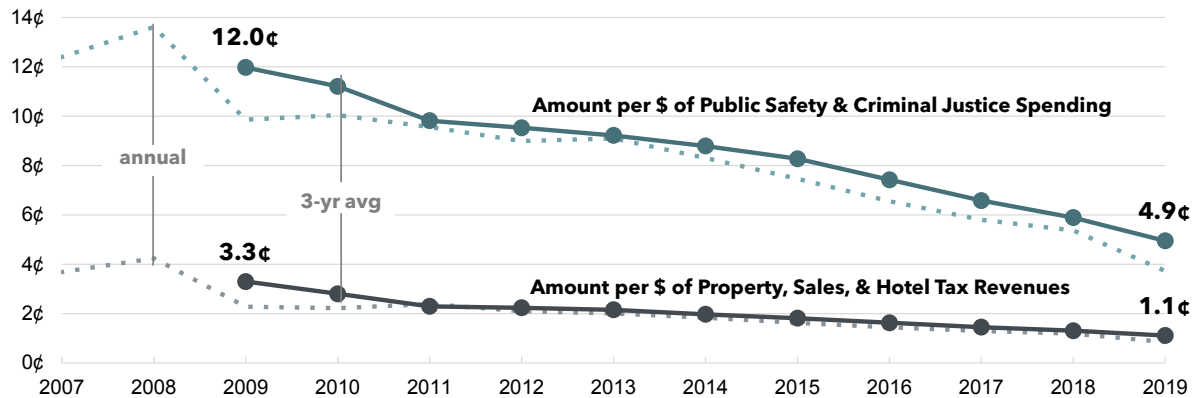


Does not include revenues from entities with jurisdiction over exclusively civil matters (e.g. Chancery Court) but includes revenues from entities with shared jurisdiction (e.g. General Sessions Court). See the **Methods Appendix** for more details.

Source: The Sycamore Institute's analysis of information from Davidson County budget documents, the U.S. Census Bureau, and the U.S. Bureau of Economic Analysis (28) (11) (33) (25)

Figure 14. Fees & Fines Are Shrinking Relative to Davidson County's Local Tax Revenue and Criminal Justice Spending

Total Davidson Co. Fee & Fine Revenue for Each Dollar of Other Revenues and Criminal Justice Spending (FYs 2007-2019)



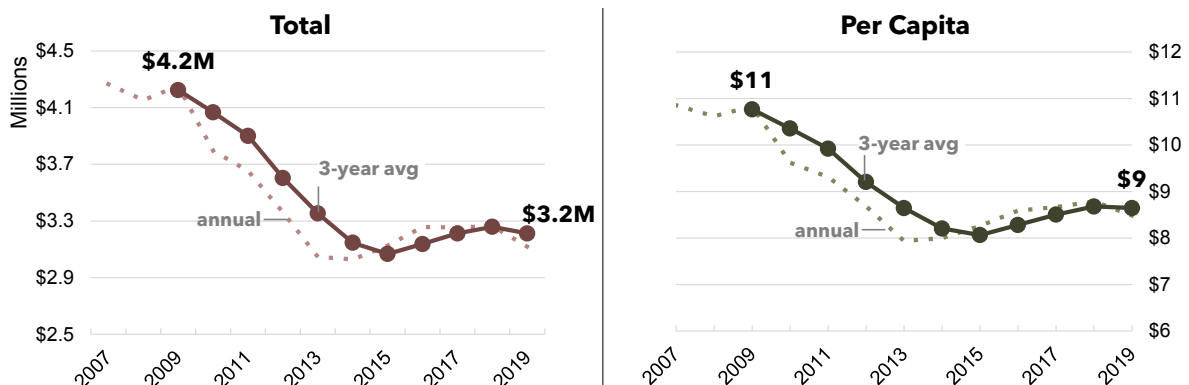
Does not include revenues from entities with jurisdiction over exclusively civil matters (e.g. Chancery Court) but includes revenues from entities with shared jurisdiction (e.g. General Sessions Court). See the **Methods Appendix** for more details. Source: The Sycamore Institute's analysis of information from Davidson County budget documents, the U.S. Census Bureau, and the U.S. Bureau of Economic Analysis (28) (11) (33) (25)

Fee & Fine Revenues in Davidson County

Davidson County spent over 50% less fee and fine revenue on county operations between FYs 2017-2019 than a decade prior, adjusted for inflation. The \$17 million annual average from '17-'19 equaled about \$24 per resident each year. (Figure 13). LFO revenues are small and shrinking in comparison to both the county's local tax revenue and its budget for public safety and criminal justice (Figure 14). (28) (11) (33) (25)

Figure 15. Hamilton County's Budgeted Fee & Fine Revenues Fell 25% in a Decade

Annual Fee & Fine Revenue in Hamilton County Budget (FYs 2007-2019) (Inflation-Adj. to 2019 Dollars)

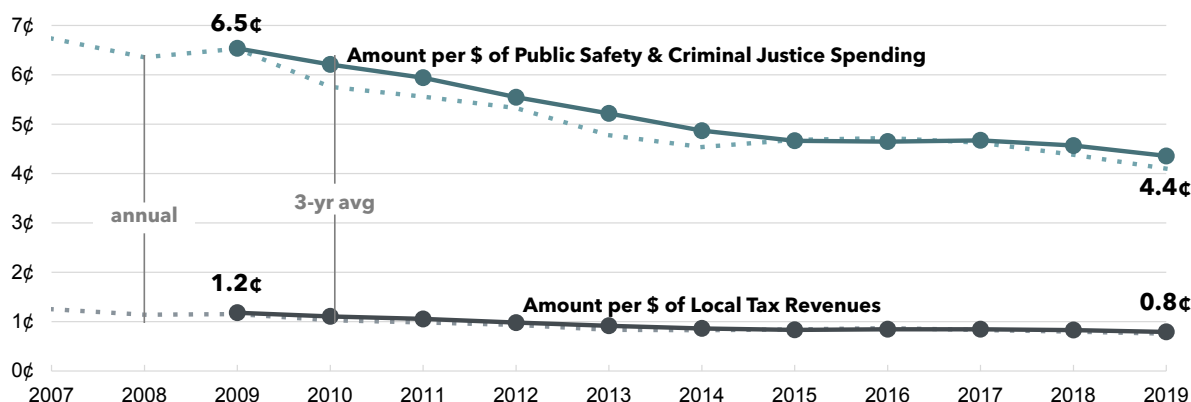


Represents adopted budget revenues. Does not include revenues from entities with jurisdiction over exclusively civil matters (e.g. Chancery Court) but includes revenues from entities with shared jurisdiction (e.g. General Sessions Court). See the **Methods Appendix** for more details.

Source: The Sycamore Institute's analysis of information from Hamilton County budget and financial documents, the U.S. Census Bureau, and the U.S. Bureau of Economic Analysis (31) (32) (11) (33) (25)

Figure 16. Fees & Fines Have Declined Relative to Hamilton County's Local Tax Revenue and Criminal Justice Spending

Total Hamilton Co. Fee & Fine Revenue for Each Dollar of Other Revenues and Criminal Justice Spending (FYs 2007-2019)



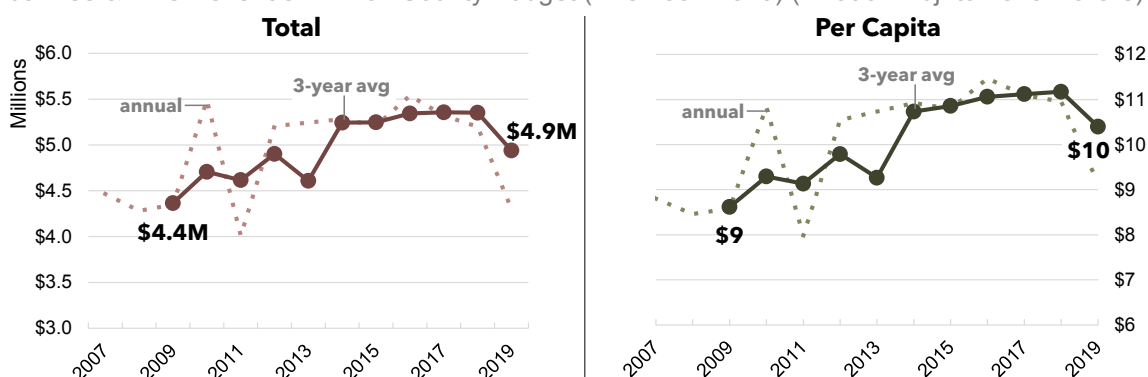
Represents adopted budget revenues and expenditures. Does not include revenues from entities with jurisdiction over exclusively civil matters (e.g. Chancery Court) but includes revenues from entities with shared jurisdiction (e.g. General Sessions Court). See the **Methods Appendix** for more details. Source: The Sycamore Institute's analysis of information from Hamilton County budget documents, the U.S. Census Bureau, and the U.S. Bureau of Economic Analysis (11) (33) (25)

Fee & Fine Revenues in Hamilton County

Hamilton County budgeted about 25% less fee and fine revenue for county operations in FYs 2017-2019 than ten years earlier, adjusted for inflation. The \$3.2 million annual average from '17-'19 totaled about \$9 per resident each year. On a per capita basis, the decline represents a 20% inflation-adjusted drop over the same period (**Figure 15**). LFO revenues also shrank relative to the county's local tax revenues and public safety and criminal justice spending (**Figure 16**). (31) (32) (11) (33) (25)

Figure 17. Knox County's Fee & Fine Revenue Trended Higher Over the Last Decade

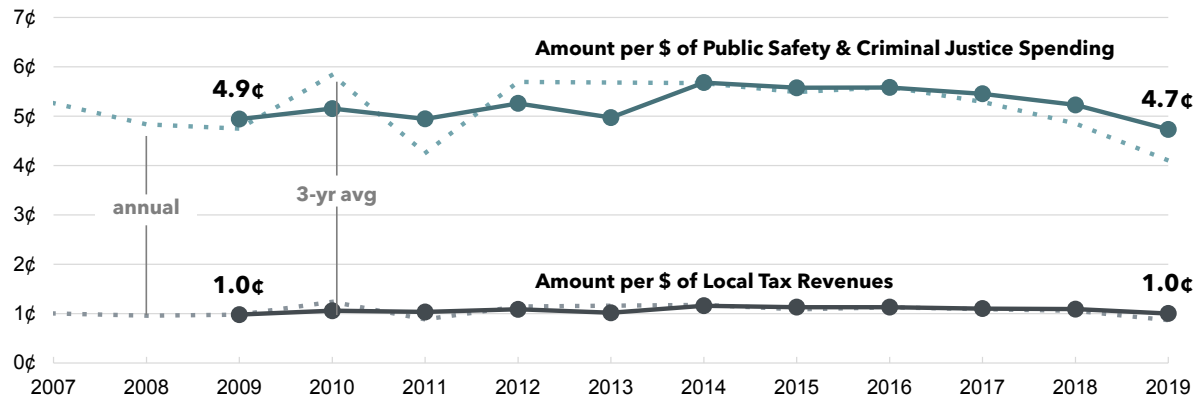
Annual Fee & Fine Revenue in Knox County Budget (FYs 2007-2019) (Inflation-Adj. to 2019 Dollars)



Data for FY 2013 were unavailable. Does not include revenues from entities with jurisdiction over exclusively civil matters (e.g. Chancery Court) but includes revenues from entities with shared jurisdiction (e.g. General Sessions Court). See the **Methods Appendix** for more details. Source: The Sycamore Institute's analysis of information from Knox County budget documents, the U.S. Census Bureau, and the U.S. Bureau of Economic Analysis (29) (11) (33) (25)

Figure 18. Knox County Fees & Fines Have Grown in Step with Local Tax Revenue and Criminal Justice Spending

Total Knox Co. Fee & Fine Revenue for Every Dollar of Other Revenues and Criminal Justice Spending (FYs 2007-2019)



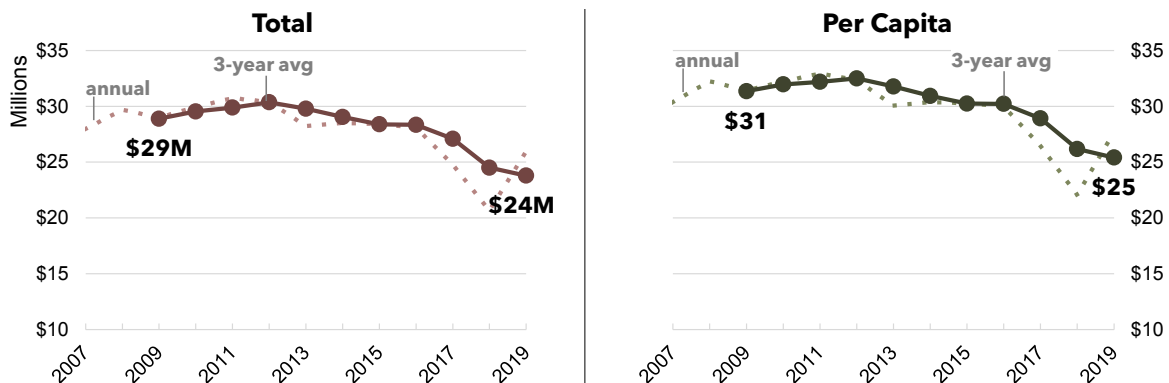
Data for FY 2013 were unavailable. Does not include revenues from entities with jurisdiction over exclusively civil matters (e.g. Chancery Court) but includes revenues from entities with shared jurisdiction (e.g. General Sessions Court). See the **Methods Appendix** for more details. Source: The Sycamore Institute's analysis of information from Knox County budget documents, the U.S. Census Bureau, and the U.S. Bureau of Economic Analysis (29) (11) (33) (25)

Fee & Fine Revenues in Knox County

Knox County spent 13% more fee and fine revenue on county operations between FYs 2017-2019 than a decade before, adjusted for inflation. The \$4.9 million annual average from '17-'19 adds up to about \$10 per resident each year. While actual LFO collections varied from year to year, that 3-year per capita average was 21% higher than in FYs 2007-2009 (**Figure 17**). During this period, Knox County's fee and fine revenues grew at roughly the same rate as both other revenue and criminal justice spending (**Figure 18**). (29) (11) (33) (25)

Figure 19. Shelby County's Legal Fee & Fine Revenue Trended Lower in the Last Decade

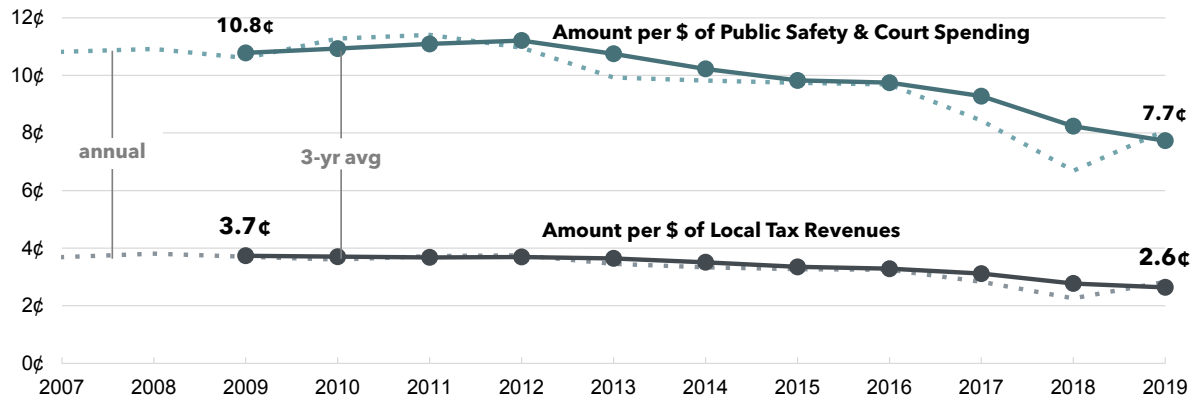
Annual Fee & Fine Revenue in Shelby County Budget (FYs 2007-2019) (Inflation-Adjusted to 2019 Dollars)



Includes revenues from entities with jurisdiction over both civil and criminal court entities. See the **Methods Appendix** for more details. Source: The Sycamore Institute's analysis of information from Shelby County budget documents, the U.S. Census Bureau, and the U.S. Bureau of Economic Analysis (30) (11) (33) (25)

Figure 20. In Shelby County, Fees & Fines Are Falling Relative to Local Tax Revenue and Criminal Justice Spending

Total Shelby Co. Fee & Fine Revenue for Every Dollar of Other Revenues and Criminal Justice Spending (FYs 2007-2019)



Includes revenues and expenditures for entities with jurisdiction over both civil and criminal court entities. See the **Methods Appendix** for more details.

Source: The Sycamore Institute's analysis of information from Shelby County budget documents, the U.S. Census Bureau, and the U.S. Bureau of Economic Analysis (30) (11) (33) (25)

Fee & Fine Revenues in Shelby County

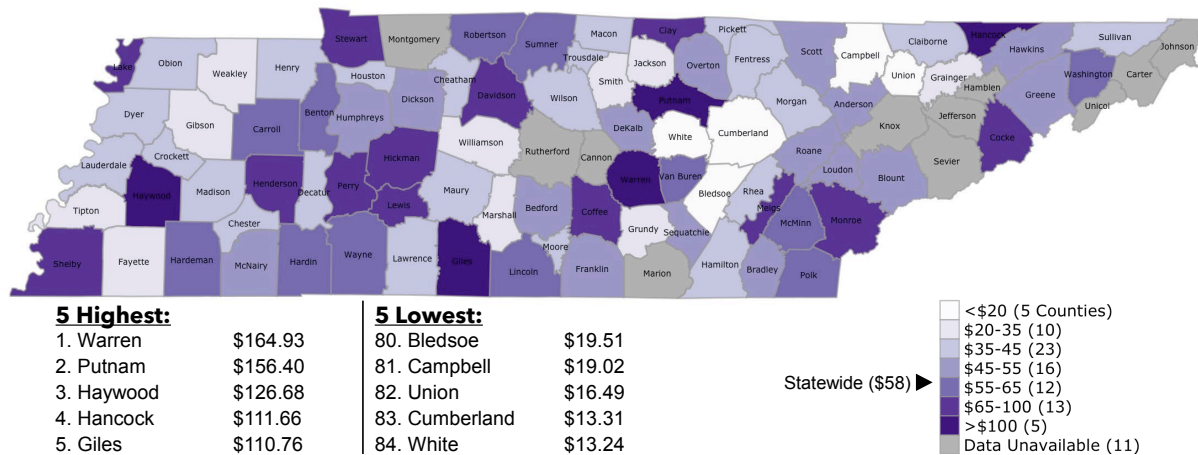
Shelby County used about 30% less fee and fine revenue for county operations in FYs 2017-2019 than ten years prior, adjusted for inflation. The \$24 million annual average from '17-'19 equaled about \$25 per resident each year. On a per capita basis, the decline represents a 19% inflation-adjusted drop over the same period (**Figure 19**). Fee and fine collections also shrank relative to the county's local tax revenues and public safety and criminal justice spending (**Figure 20**). (29) (11) (33) (25)

The Assessments and Collections that Drive Revenues

How much LFO revenue state and county governments can spend depends on the fees and fines they levy and what amount they actually collect. While state law sets broad rules, local legal systems and stakeholders help determine what is both owed and collected. For example, some judges may screen for indigency more routinely than others. (34) Meanwhile, some court clerks may try harder to collect amounts owed, and some counties might hire private debt collection firms that pursue payment more aggressively. While the prior section discussed only collections that support local county budgets, we can also examine a single year of data on all criminal court fee and fine assessments and collections in most of the state. (2)

Figure 21. Tennessee Counties Assessed Nearly \$58 in Criminal Court Fees & Fines per Resident in 2012

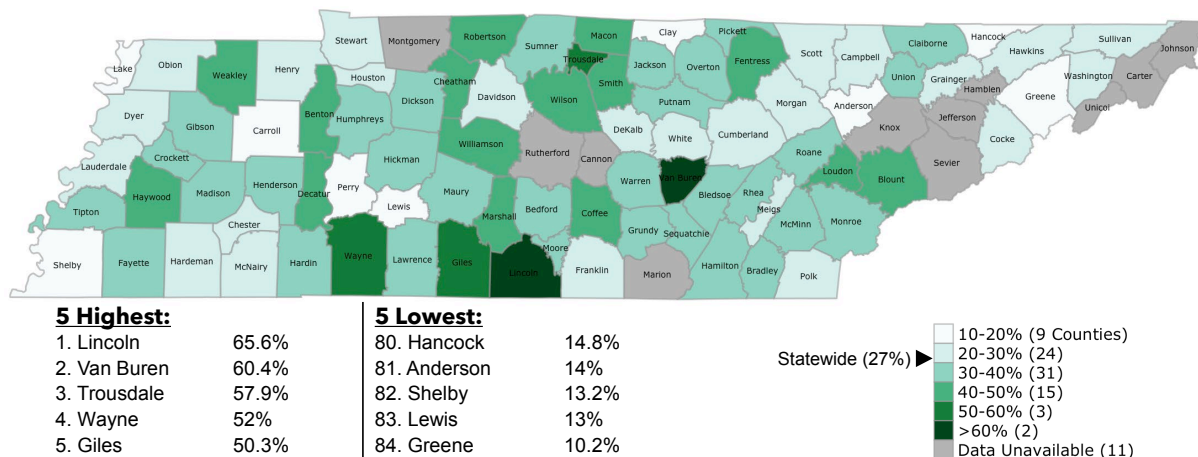
Per Capita Dollar Amount of Fees & Fines Assessed in Criminal Courts (FY 2012)



Source: The Sycamore Institute's analysis of financial data from the Tennessee Administrative Office of the Courts (AOC) as reported by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) (2)

Figure 22. Tennessee Counties Collected About 1/4 of All Court-Assessed Criminal Fees & Fines in 2012

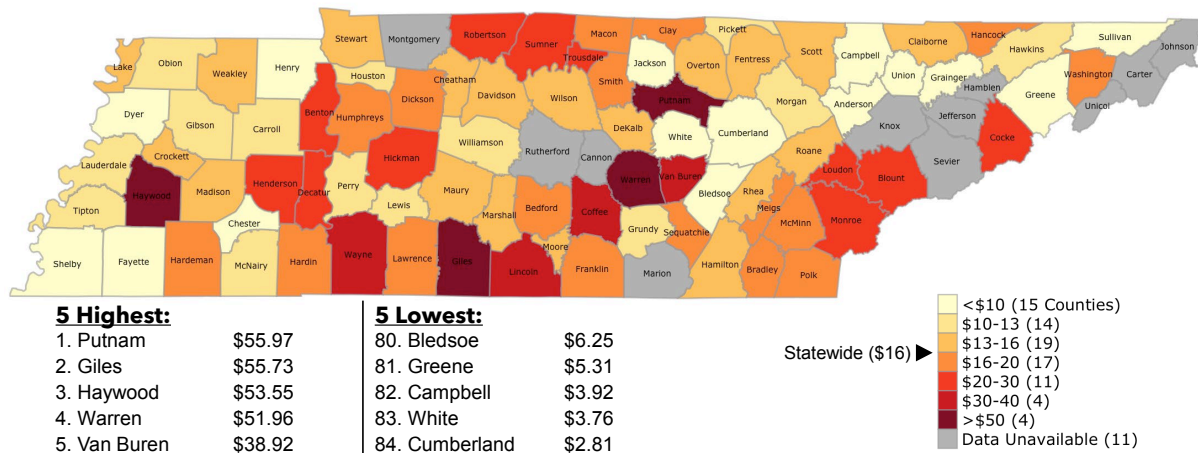
Percent of All Fees & Fines Assessed in Criminal Courts Actually Collected (FY2012)



Source: The Sycamore Institute's analysis of financial data from the Tennessee Administrative Office of the Courts (AOC) as reported by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) (2)

Figure 23. Tennessee Counties Collected About \$16 in Criminal Court Fees & Fines per Resident in 2012

Per Capita Fees & Fines Collected in Criminal Courts Collected (FY 2012)



Source: The Sycamore Institute's analysis of financial data from the Tennessee Administrative Office of the Courts (AOC) as reported by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) (2)

Criminal court data from FY 2012 - the most recent year available - show large variation in the fees and fines that counties assess and collect. (2) In 84 counties with available data, court-assessed criminal fees and fines averaged \$58 per capita - ranging from \$13 in White County to \$165 in Warren (Figure 21). On average, they only collected 27% of the total. Greene County had the lowest collection rate at 10%, and Lincoln had the highest at 66% (Figure 22). Per capita collections ranged from \$3 in Cumberland County to \$56 in Putnam, with an average of \$16 (Figure 23). In general, counties that levied and collected more per resident in criminal court also tended to have higher fee and fine revenues in the state-audited data analyzed above.

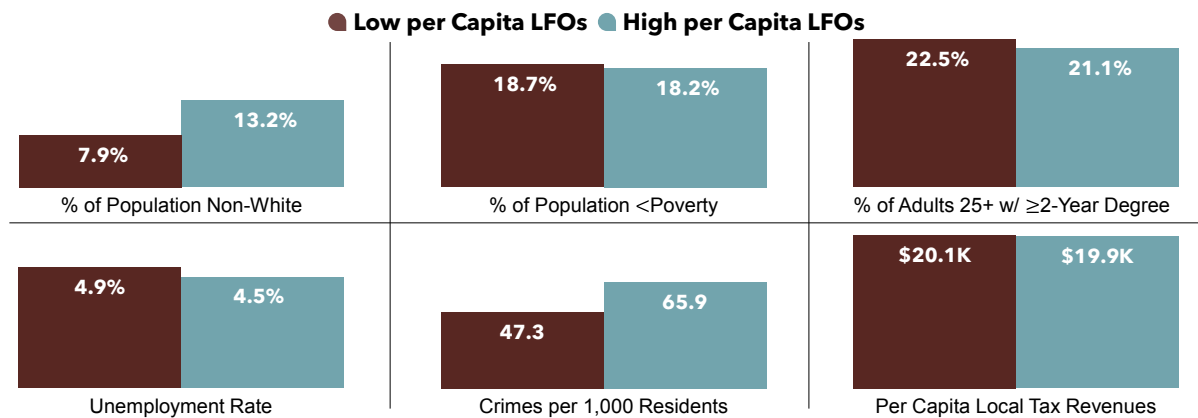
Explaining County Variation

Our analysis suggests that location matters when it comes to fees and fines. We compared the characteristics of counties with high and low fee and fine levies, collections, and revenues. We also looked at the relationship between these characteristics and county fees and fines while controlling for factors that are themselves related (e.g. education levels and poverty rates). Counties with the highest and lowest LFOs do have some noticeable differences. However, the biggest driver of fee and fine variation across the state may be factors that are harder to measure: the choices made by local officials who influence relevant policy and practice in each county.

Counties with high fees and fines tended to have higher crime and poverty rates, a larger share of black and Hispanic residents, and less property tax revenue. In general, counties with the highest per capita fees and fines - both levies and revenues - had higher crime rates and a larger percentage of black and/or Hispanic residents (Figures 24 and 25). This was also the case for counties with higher fee and fine revenues relative to local taxes and public safety spending. (4) (25) (35) In addition, counties that assessed larger criminal court fees and fines per capita tended to have higher poverty rates and lower per capita property tax revenues (Figure 25). Meanwhile, criminal courts in poorer counties had lower collection rates. (2) (25) (35)

Figure 24. Counties with Higher Fee & Fine Revenues Tend to Have Higher Crime Rates and Larger Black & Hispanic Populations

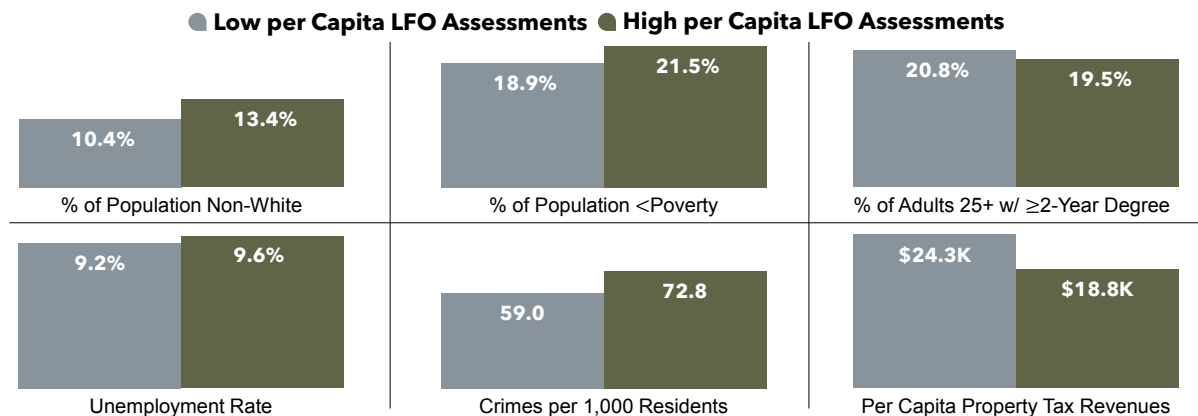
Characteristics of Counties with Low and High Per Capita Fee & Fine Revenues (FYs 2016-2018)



Note: Counties classified as having low per capita revenues from legal financial obligations (LFOs) were at or below the 25th percentile for the 90 state-audited counties. Those in the high category were at or above the 75th percentile. Excludes Davidson, Hamilton, Knox, McMinn, and Shelby Counties whose annual financials are independently audited. Does not include revenues from entities with jurisdiction over exclusively civil matters (e.g. Chancery Court) but includes revenues from entities with shared jurisdiction (e.g. General Sessions Court). Source: The Sycamore Institute's analysis of data from the Tennessee Comptroller of the Treasury, the U.S. Bureau of Economic Analysis, and the U.S. Census Bureau (4) (25) (35) (10) (15)

Figure 25. Counties that Levy Larger Criminal Fees & Fines Tended to Have Higher Crime and Poverty Rates and Lower Property Taxes

Characteristics of Counties with Low and High Per Capita Fee & Fine Assessments in Criminal Courts (2012)



Note: Counties classified as having low per capita assessments of legal financial obligations (LFOs) in criminal courts were at or below the 25th percentile for the 84 counties with available data. Those in the high category were at or above the 75th percentile. Source: The Sycamore Institute's analysis of data from TACIR, the Tennessee Comptroller of the Treasury, the U.S. Bureau of Economic Analysis, and the U.S. Census Bureau (2) (4) (25) (35) (10) (15)

These differences between counties with high and low fees and fines are consistent with existing theories and research. For example, one might reasonably expect crime rates to be a significant driver of LFO revenues. In addition, poorer counties with less ability to generate tax

revenues or those with lower tax burdens may put more emphasis on fees and fines to pay for local services. (36) (37) (38) Lower-income communities may even assess more penalties if residents have a harder time paying their LFOs. (39) (15) Nationally, research has also found a link between racial composition and fee and fine levies. (37)

After controlling for other factors, however, none of these county-level attributes had a consistently meaningful impact on LFO variation. (2) (9) (10) (11) (12) (13) (14) (15) (16) In the Tennessee data we analyzed, crime, poverty, education, and local tax collections had statistically significant links to fee and fine variation. The strength and magnitude of those relationships, however, varied across statistical models. These mixed results limit the inferences that can be drawn from the analysis. See **Appendix Tables A14-19** for our complete results.

This suggests that the variation in fees and fines may have more to do with each county's specific policies and practices than anything else. Our analysis suggests that the primary determinants of fees and fines are factors we either have not yet identified or can't easily measure. For example, each county has its own set of local lawmakers, police, prosecutors, courts, and jail administrators who all make policies and decisions that affect local fee and fine outcomes. While identifying and comparing them across all 95 counties would be difficult, it may be worthwhile if policymakers want to fully understand this system and its effects. This would echo other recent research showing that jail incarceration in many U.S. cities has more to do with the cities themselves rather than things like crime and public safety budgets. (42)

See the **Methods Appendix** for the complete results of this analysis.

Parting Words

This report explores how Tennessee's state and local governments use legal fees, fines, and other financial obligations as a revenue source. Overall, they appear to play an important but shrinking role in funding public safety and criminal justice systems, but variation across the state is significant. Fees and fines also involve trade-offs that can create undesirable incentives for government and make it harder for people to escape the criminal justice system and get ahead in life. Future reports on this topic will present options for policymakers who want to address these unintended side effects or take an alternative approach.

**This report was updated on July 9, 2021 to reflect recent legislative changes to payment prioritization.*

THE SYCAMORE INSTITUTE

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[†] We used a three-year average to smooth out any one-year spikes in fees and fines and show a clearer picture of collections in a typical year.