



TAX POLICY CENTER
URBAN INSTITUTE & BROOKINGS INSTITUTION

District Fines and Fees

DC Tax Revision Commission

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What are fines and fees?

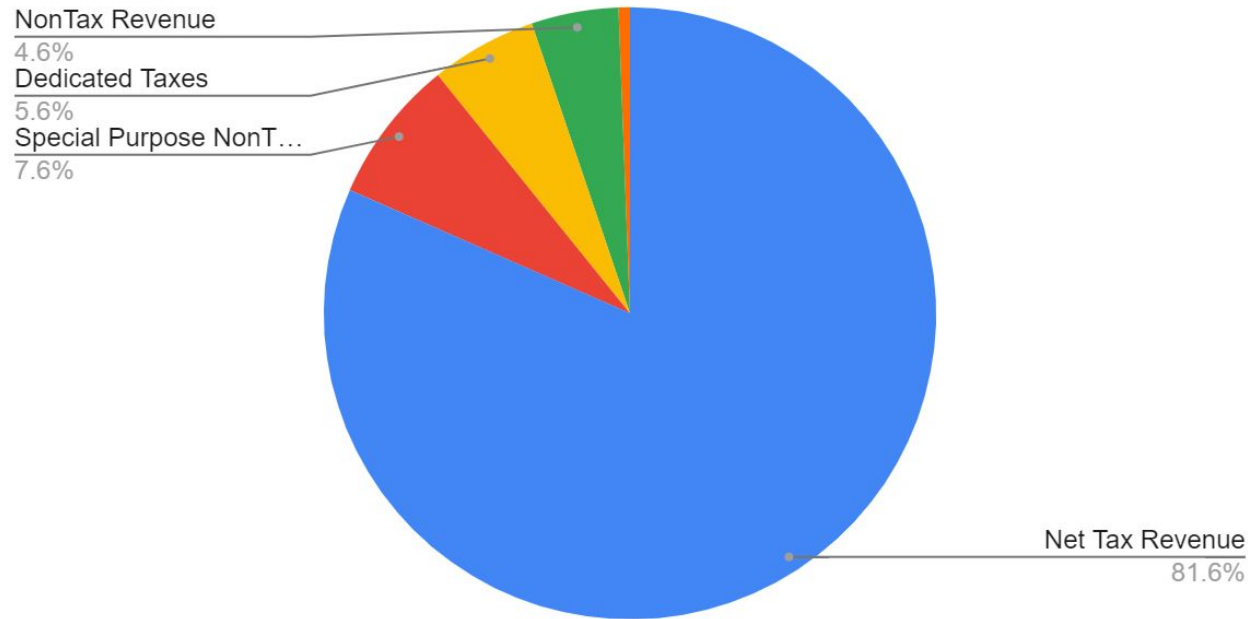
- Fines are usually imposed on a person for the purpose of punishment or deterrence of undesirable or unwanted behaviors
 - Speeding ticket (DMV) - \$150 for exceeding the speed limit by 16 to 20 miles per hour
 - Parking in bus lane (DMV) - \$200
- Fees are typically imposed to cover costs of a government service
 - Fees for late payments (unpaid tickets double)
 - Court costs (public defender costs)
 - Fees for electronic monitoring
- Unlike other revenue sources (like income and property taxes), amounts of fines and fees charged don't vary with people's income or wealth

How much revenue do fines and fees generate in DC?



Total General Fund Revenue - FY 2022

Source: OCFO, Revenue Chapters

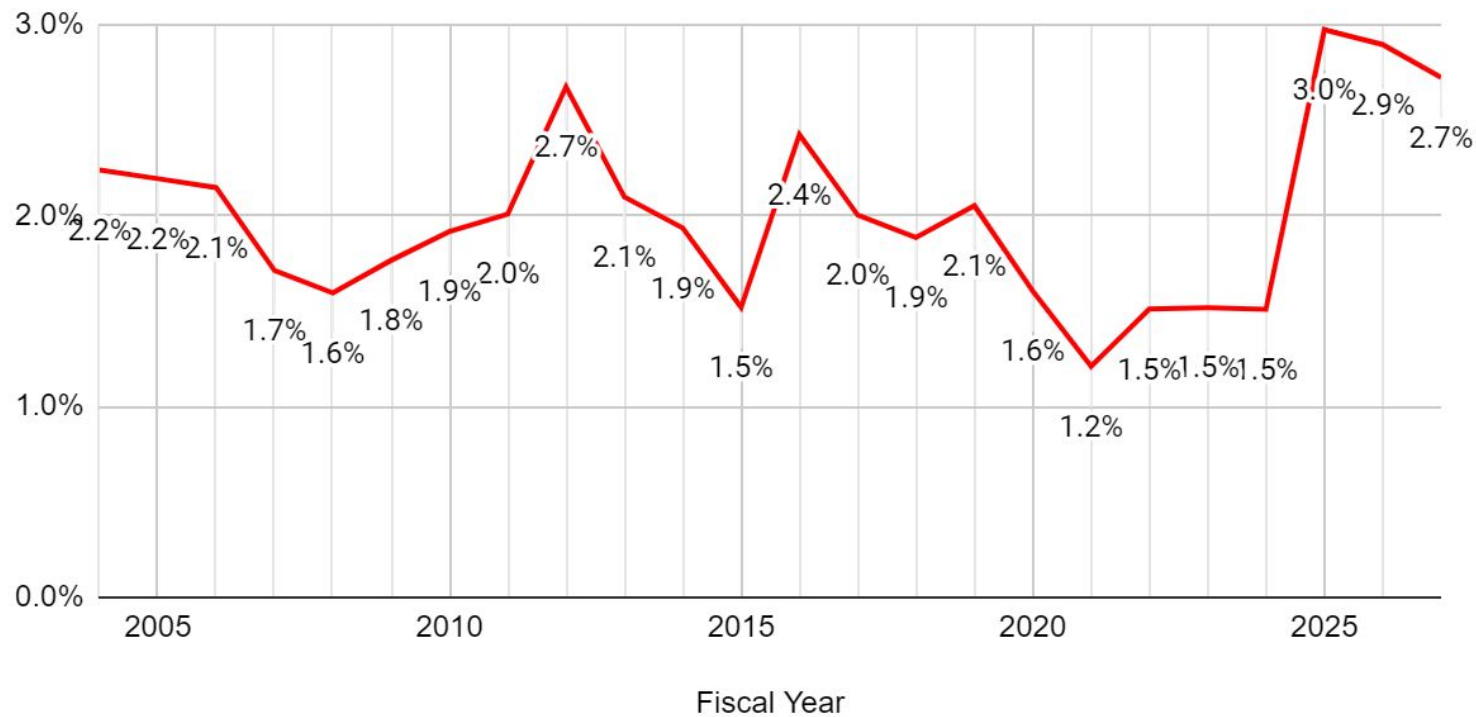


General Purpose Nontax Revenue	\$ in Millions	% of GF Nontax Revenue
Total General Purpose Nontax Revenue	\$ 451.4	
Fines and Forfeits	\$ 168.7	30.7%
Speeding camera	\$ 91.1	20.2%
Traffic Fines	\$ 38.9	8.6%
Red light camera	\$ 5.2	1.2%
Licenses and Permits	\$ 133.3	29.5%
Building structures and equipment	\$ 30.2	6.7%
MV registration	\$ 24.0	5.3%
Charges for Services	\$ 63.9	14.2%
Emergency ambulance	\$ 13.6	3.0%
Parking Permits and Fees	\$ 5.0	1.1%
Miscellaneous (mostly "Other" revenue)	\$ 115.5	25.6 %
Past Due Revenue Collections - CCU	\$ 27.6	6.1%
Payment in Lieu Tax - Water and Sewer Authority	\$ 17.7	3.9%

How has revenue from fines and fees changed in DC?

Portion of Local Revenue as Fines and Forfeitures

Source: OCFO, Revenue Chapters

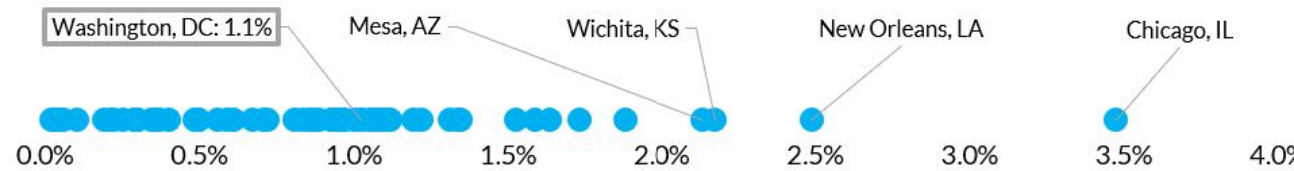


How do fines and fees in DC compare to other jurisdictions? It's complicated

- Like most places fines and forfeitures are a small part of budget. Relatively in line with other big cities
- However:
 - Highest per capita reported revenue
 - *but this includes state and local share*
 - Ranked 40th across states in Fines and Fees Index
 - DC tickets can be much higher than neighbors (e.g. red light camera tax - \$50 in VA, \$75 in MD, \$150 in DC)

Fines, Fees, and Forfeitures Revenues

Share of general revenues, cities and townships with populations over 300,000, 2020



Source: US Census Bureau, Annual Survey of State and Local Government Finances (2020), June 2022.

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US municipalities with the highest reported revenue from fines per resident

Data from fiscal year 2017

Washington DC	\$261
New York City	118
Chicago City	118
New Orleans City	114
Boston City	113
Yonkers City	95
Denver City and County	72
Seattle City	67
Florida	60
Nashville-Davidson County Metropolitan Government	59
Oakland City	58
Nassau County	56
Atlanta City	53

Why fines and fees dependence are getting increased scrutiny across state and local governments

- Range of criminal and civil fines and fees has grown, charging for services that had been paid for with general tax revenues.
- A long history of racial inequities, such as with Jim Crow fiscal-carceral system.
- Examples of prioritizing revenue generation over public safety, ie. Ferguson, Missouri.
 - Increasing interaction with justice system can also have terrible consequences
- Inefficient and insufficient source of revenue for government programs.
- Court debt and its serious, often counterproductive, consequences.
- Who should pay for certain services?

How does this work in the District?

- Disparities in income and geographic segregation exist in DC
 - From 2016 to 2020, 62 percent of traffic fines were issued in neighborhoods where Black residents made up at least 70 percent of the population and the average median household income was below \$50,000
 - During that time period, parking tickets issued in Black neighborhoods were nearly double compared to white neighborhoods, even though predominantly Black neighborhoods have less than a third of the city's driving-age residents
- Flat ticket amounts can impact families differently due to differences in income
 - \$200 ticket is less affordable for a median-earning Black District family (5 percent of \$4,000 monthly income) than a white District family (1.5 percent of \$13,000 monthly income)
 - *If can't afford to pay, costs double after 30 days*
- 90 percent of outstanding tickets are linked to vehicles registered outside of DC

How do traffic fines impact street safety?

- No evidence that higher fines improve street safety or change driver behavior
 - Also not using much of fines to improve roads.
- What does improve public safety?
 - Reducing speed limits, redesigning roadways, etc.
 - *DC Council discussing using ATE funds for VisionZero*
- To increase safety, focus on removing dangerous drivers and repeat offenders
 - License removal related to specific accidents rather than money owed
 - *Will require coordination with VA and MD*

How Can Reform Work In Practice?

- Other states thinking about these, issues including reform
 - California, in 2021 canceled outstanding debt, repealed 40 county court fees, backfilled \$65 million in lost local revenues with an annual state appropriation
 - Also implemented ability to pay consideration in issuing of traffic tickets
 - In Phoenix, Birmingham, and Durham, old traffic debt has been forgiven
 - In Louisiana, Colorado, Delaware, Maryland, New Jersey, Nevada, New Mexico, and Oregon, most fines and fees in the juvenile justice system have been eliminated.

How does this fit into the Tax Revision Commission work?

- There are fines, fees, and charges that DC can consider for elimination or reform
- Think about what it means for overall revenues and racial equity
- Consider if the purpose of a fine/fee is to change behavior or increase revenue and is it working?
- Consider the relationship between programs seen as valuable and whether they should be funded from fines and fees
- Consider the cost of collecting fines and fees - so less revenue may be raised than assumed on paper

Some policy options to consider in the District

1. Traffic related – decrease base amount, eliminate late fees and surcharges, create income based and low income models to address financial inequities
2. Central Collections Unit – eliminate late fee, reform payment plans, expunge outstanding debt
3. Court fees – reduce/eliminate
4. Street parking fees – vary based on median income in Ward
5. Ambulance fees – reduce/eliminate
6. Clean Hands – end suspension of business/occupational licenses for Clean Hands violations