How Cities are Rethinking Fines and Fees to Strengthen Residents' Economic Stability

Municipal fines and fees can be extremely burdensome on residents, impacting their ability to achieve upward economic mobility. Some city leaders are taking steps to reform how fines and fees are imposed and collected to reduce their harmful impacts on residents and communities. This informational brief shares key learnings and examples from National League of Cities' Cities Addressing Fines and Fees Equitably Initiative (CAFFE). The initiative assisted cities in reducing the negative impacts of fines and fees imposed by municipalities on residents in debt.

Introduction

Fines and fees levied on residents by municipalities, including court fees, traffic or code enforcement violation fines or unpaid bills for city services, can significantly undermine families' upward economic mobility. **Economic mobility is often described as how a person's economic well-being changes over a lifetime. As a person's income increases, they are considered upwardly mobile.** Municipalities can improve their residents' economic standing over time by helping households meet basic needs, build savings and accumulate wealth. Unpaid fines and fees can quickly multiply, impacting residents' ability to maintain a solid financial footing, and can result in escalated fines, driver's license suspensions, or even incarceration.[1] Debt collection practices used by cities that do not take into account residents' **ability-to-pay** can further exacerbate this severe strain and can threaten the economic mobility of individuals. The economic instability resulting from onerous fines and fees can have long-term detrimental impacts on families, and create barriers to employment, housing, food access, medical care and overall wellbeing.

The Impact of Fines and Fees

Many cities rely on revenue collected from fines and fees to some extent to balance their budgets, some more than others.[2] Unfortunately, cities' use of fines and fees can have unintended and often harmful consequences for residents unable to pay the fines and fees imposed on them. Several studies have found that fines and fees debt tends to have greater negative consequences for Black and Latino households.[3] Municipal court fines include those assessed for traffic tickets or violations of local ordinances, and fees cover costs for court services, such as Motor Vehicle Association (MVA) administrative fees. Because Black, Indigenous, and People of Color (BIPOC) residents are more likely to be involved in the justice system, they have disproportionately higher fine and fee constraints from municipal courts that they are often unable to pay.[4], [5] Also, so-called quality-of-life fines and fees, such as those related to water and utilities, cause particular harm to impoverished residents or those experiencing homelessness.[6] Moreover, according to the Fines and Fees Justice Center (FFJC), governments "risk accumulating uncollectable debt by imposing a significant financial burden on a population that simply cannot afford to pay, creating a 'lose-lose' outcome."[7]

It is unclear exactly how much fine- and fee-related debt there is in the U.S., but estimates put court-related debt at well above $27.6 billion in 2021, a figure that only reflects available data from 25 states (and does not include municipal fine- and fee-related debt).[8] As municipal governments are well-positioned to provide essential services and ensure the financial stability and upward economic mobility of their residents, it naturally falls under their purview to consider taking action directly or through engagement with their state. Additionally, while fines and fees are assessed for the purposes of serving as monetary deterrents or to amass funds to pay for government programs, often efforts to collect or enforce punitive measures are counterproductive. For instance, incarceration for unpaid fines can sometimes cost as much as 115 percent or more of the amount that was to be collected from the individual; and suspending residents' licenses for failure to pay can result in unemployment, thus limiting the maintenance of a productive workforce.[9]

There is growing awareness among city leaders across the country about the negative consequences that fines and fees structures place on their residents. **Many municipalities are taking steps to mitigate these harmful impacts by changing policies and procedures, and by expanding access to financial empowerment services that enable households to improve their financial circumstances.** By assessing local fine and fee collection practices, cities can identify racial disparities and enact reforms that reduce generational debt for low-income families, as well as create accountability measures to ensure that racial equity and economic mobility outcomes are achieved. Municipalities can enact ability-to-pay protocols, establish diversion programs, or restructure revenue generation options to be less reliant on funds collected from fines and fees. Often fines and fees levied on city residents are imposed by state and county governments that municipalities do not have the authority to change. However, cities can work closely with county and state officials to advocate to change unfair or harmful fine and fee policies and to implement sustainable reforms.[10]

NLC's Cities Addressing Fines and Fees Equitably Initiative

National League of Cities' launched Cities Addressing Fines and Fees Equitably Initiative (CAFFE) in 2019 to help municipalities assess and address the negative impacts of municipal fines and fees on residents.[11] The CAFFE Initiative helped cities demonstrate how they can play a larger role in reducing the burden and harmful consequences of fines and fees on residents most impacted, particularly communities of color. The program was adapted from NLC's Local Interventions for Financial Empowerment through Utility Payments (LIFT-UP) initiative, which helped residents repay water utility debt. Using a similar program model, CAFFE helps cities consider ability-to-pay options for municipal and court-administered fines and fees.

The CAFFE model included three stages: assess, reform, and empower. In the assessment phase, municipalities analyzed local data to examine which fines or fees caused the greatest financial hardships for residents and further examined if disparities existed in how those fines or fees were imposed and collected. During the reform phase, cohort cities examined potential revisions to current fine- and fee-related policies and practices to make them more equitable. And in the empower phase, cities designed and implemented programs to connect residents in debt to financial empowerment and debt restructuring services.

In October 2024, the CAFFE Initiative concluded after successfully helping 16 cities across two cohorts reduce the negative impacts of municipal fines and fees on their residents. Based on reported data from the second cohort, residents across all eight cities decreased their fine- and fee-related debt by an average of $981. This brief offers key learnings and insights from the most recent CAFFE cohort.

Key Learnings from the CAFFE Initiative's Second Cohort

- Data assessment is an important first step to inform program design*
- Creative partnerships enable greater reach into target population and establish continuing relationships
- Community engagement is crucial to educate and build trust with residents
- Buy-in from leadership is critical to implement and sustain fine and fee remediation efforts
- Behavioral design can bolster implementation efforts and improve program uptake
- Legislative action ensures that fine and fee remediation efforts are codified long-term

* For more information on data assessment see NLC University Data Literacy 101. More information on this course can be found here: https://www.nlc.org/resources-training/nlc-university/

The LIFT-UP Model

Local Interventions for Financial Empowerment through Utility Payments initiative (LIFT-UP) was a two-year pilot project conducted by National League of Cities (NLC) in five cities. LIFT-UP allowed city utilities to recoup lost revenue due to unpaid bills, while connecting residents who were behind on their utility bills with financial empowerment services to help them improve their overall financial well-being. A formal evaluation found that the program reduced the likelihood of service terminations due to unpaid bills, increased the likelihood of consistent bill payment patterns, and reduced avoidable fees imposed on residents, such as service shut off and late payment fees.[12] The CAFFE Initiative utilized the four stages outlined in the LIFT-UP model to similarly provide relief to residents struggling with unpaid fines and fees.[13]

1. **Targeting and Referral**
   Municipal staff gathered and reviewed administrative records to identify residents indebted to the city as a result of unpaid water utility bills and referred them to financial empowerment services to restructure the debt.
2. **Financial Empowerment Services**
   Residents met with financial counselors to review their financial situation and address the outstanding debt. Financial counselors also referred residents to other support services as needed.
3. **Restructured Payment Plan**
   The financial counselor and resident crafted customized and realistic restructured payment plans approved by the utility.
4. **Incentives and Ongoing Contact**
   The city offered incentives to encourage residents to make on-time payments and maintained contact with them throughout the process.

Residents made payments toward paying down their debt according to the restructured payment plan until they were no longer delinquent. The LIFT-UP evaluation found the program to be a win-win for cities and residents. Residents gained stronger financial skills and connections to financial empowerment services, while the city agency or municipal court recouped the lost revenue.

Ability-to-pay

Ability-to-pay refers to the capability of a person to pay court-ordered fines, fees, or any other monetary sanction owed, without economic hardship. Ability-to-pay is based on a presumption that some individuals will not have the financial means to pay a fine or fee in full. Ability-to-pay is most often invoked in relation to court fines and fees, and where applicable, courts must waive all fees within their discretion and assess the lowest amount of a fine allowed by law. However, few states require judges to determine ability-to-pay, and judicial practices can be inconsistent throughout the state.[14] Most fee and fine structures do not differentiate the price for people of different financial means, and those that are not income-adjusted have a disproportionate adverse impact on low-income people and people of color.[15] Excessive fines and fees can further imperil the financial health of residents who have little discretionary income and are therefore particularly vulnerable to financial shocks such as excessive fines.[16] Ability-to-pay protocol ensures that being assessed a fine or fee does not cause financial harm, which further inhibits an individual's upward economic mobility.

Data Assessment is An Important First Step to Inform Program Design

Before launching any program, it is vital for a city to collect data to assess the landscape of opportunities and challenges that will influence program design and storytelling. Conducting an assessment of existing fine or fee structures allowed city leaders to understand the data ecosystem surrounding a specific fine or fee, the residents who are most impacted, what neighborhoods or ZIP codes to target, and other demographic trends. City leaders must first identify the problems they want to solve, such as which fines and fees are creating the biggest challenges and for which residents, or whether the city is spending more municipal funds by attempting to collect overdue fines and fees than the revenue generated. Cohort cities relied on administrative data provided by their finance department, municipal court or other citation data. Unfortunately, municipalities and courts do not always take into account data about the effectiveness and impacts of fines and fees. This lack of data collection and analysis limits policymakers' understanding about fines and fees and is unlikely to lead to policy improvements.[17]

Montgomery, AL (Pop. 200,603)

The City of **Montgomery** contracted with a professor at Auburn University at Montgomery to examine locally available data on court administered fines and fees from 2011 to 2023. The resulting report showed that traffic-related fines and fees were most problematic for residents, had the greatest negative impact on Black, male residents, and were most often assessed on residents in a select number of ZIP codes.*

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* City-specific data was provided by city staff in reports on their respective programs.

Dallas, TX (Pop. 1,304,379); Las Vegas, NV (Pop. 641,903); Maywood, IL (Pop. 23,512)

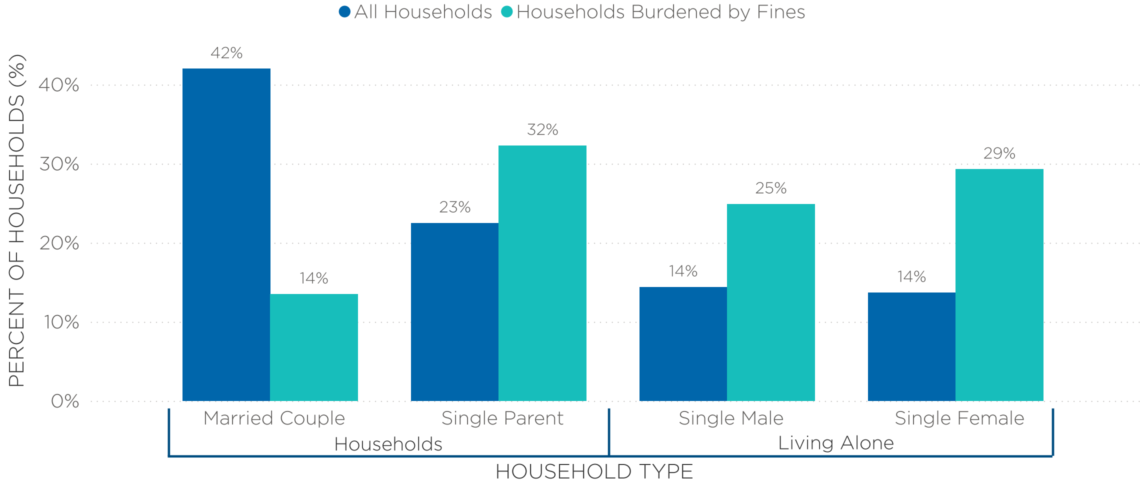
Dallas, **Las Vegas** and **Maywood** worked with NLC to create data models, to demonstrate the impact of fines and fees on specific populations. This fines and fees "burden model" is based on one developed at the Brookings Institution to simulate the impact of anti-poverty initiatives such as the Earned Income Tax Credit and programs that provide direct cash payments to households. It uses U.S. Census and American Community Survey data to identify individual and household characteristics, such as demographics, including age, gender, race/ethnicity, education, occupation and other demographic characteristics. The CAFFE cities' burden models simulated the impact of specific fines and fees on residents based on income and were used to identify key characteristics of those who would be disproportionately impacted, and therefore benefit the most from reform. The city teams used the data from the burden models to create publicly available story maps that city representatives used to garner support for fine and fee reforms.

In Dallas, the burden model helped to illustrate that more than half of the burdened households are concentrated in five out of 21 statistical areas around the city. Figure 1 shows that burdened households are more likely to have limited access to resources such as health insurance and SNAP, and accessing these resources may be impacted by limited English proficiency or a lack of internet access.

FIGURE 1

Households Burdened by Fines Are More Likely to be Single Household Types Than Households Overall

DISTRIBUTION OF HOUSEHOLDS, BY HOUSEHOLD TYPE AND FINE BURDEN



Source: NLC analysis of 2018-2022 Census Public Use Microdata Sample (PUMS) Person and Housing Files for Nevada. https://www2.census.gov/programs-surveys/acs/data/pums/2022/5-Year/

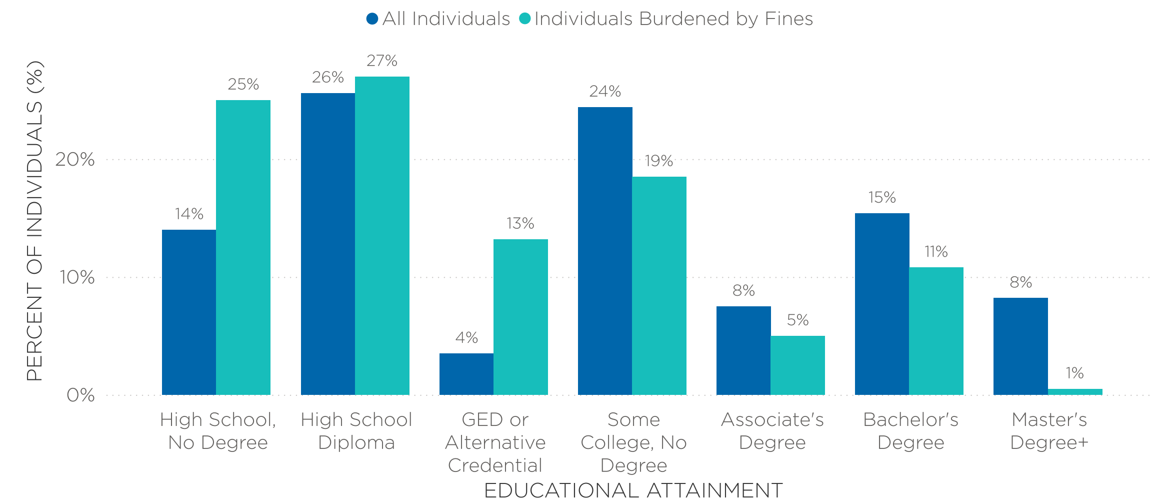
Note: Bars may not add up to 100% across groups because some categories like "Other" have been excluded for improved clarity. Data shown here is sourced from the PUMAs which overlap with the City of Las Vegas including portions of PUMAs which may also exist outside the city limits. Households Burdened by Fines are those in which their fines are more than 80% of their disposable income. Due to data limitations, it was not possible to link assessed fines to specific households, and the statistical analysis therefore assumes the size of a fine and a household's income are not related though this may not be true for all fines.

In Las Vegas, the burden model showed that burdened households have monthly household incomes 3.8 times less than the total average with housing and utilities costs making up close to half of their monthly expenses. Figure 2 shows that 25 percent of burdened households have some high school education with no degree, compared to 14 percent of all individuals; and only 19 percent of burdened households have a college degree compared to 24 percent of all individuals.

FIGURE 2

Individuals Burdened by Fines Are Less Likely to Have Higher Education

DISTRIBUTION OF INDIVIDUALS, BY EDUCATIONAL ATTAINMENT AND FINE BURDEN



Source: NLC analysis of 2018-2022 Census Public Use Microdata Sample (PUMS) Person and Housing Files for Nevada. https://www2.census.gov/programs-surveys/acs/data/pums/2022/5-Year/

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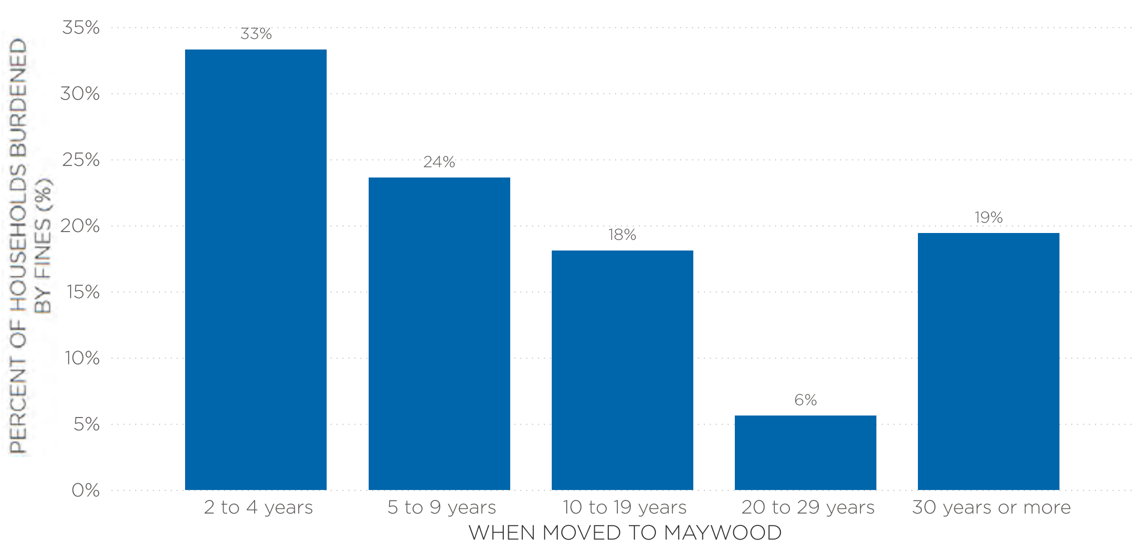
The Village of Maywood's burden model demonstrated that 19 percent of homeowner households would be overly burdened and unable to pay the average property tax fine and fee after missing one payment. Figure 3 shows that 33 percent of burdened households moved to Maywood within 2 to 4 years, compared to 19 percent of residents who had moved to Maywood more than 30 years ago.

FIGURE 2

One-Third of Households Burdened by Fines Moved to Maywood Within 2 to 4 Years

DISTRIBUTION OF HOUSEHOLDS BURDENED BY FINES, BY WHEN THEY MOVED TO MAYWOOD



Source: NLC analysis of 2018-2022 Census Public Use Microdata Sample (PUMS) Person and Housing Files for Illinois. https://www2.census.gov/programs-surveys/acs/data/pums/2022/5-Year/

Note: Data shown here is sourced from the PUMAs which overlap with the Village of Maywood including portions of PUMAs which may also exist outside the city limits. Households Burdened by Fines are those in which their fines are more than 80% of their disposable income. Due to data limitations, it was not possible to link assessed fines to specific households, and the statistical analysis therefore assumes the size of a fine and a household's income are not related though this may not be true for all fines.

Creative Partnerships Enable Greater Reach and Establish Continuing Relationships

While municipal governments may appear to function as a collective unit, often city departments are siloed and may not collaborate with other departments engaged in similar efforts. Additionally, partnerships with community-based organizations (CBOs) are extremely important in reaching target audiences and in extending city government's reach into communities. CBOs are often already working on aligned strategies in neighborhoods and have built trust with residents, which can relieve some of the pressure on city governments to provide these services.

Fine and fee reform and financial empowerment services cross many municipal departments and agencies and can be bolstered by partnerships with external organizations. Across all eight cities in the CAFFE Initiative's second cohort, creative partnerships with both internal city departments (such as code enforcement and municipal courts); and external organizations (such as financial empowerment centers, community centers and local United Ways) were integral to the success of their projects.

Dallas, TX (Population: 1,304,379)

The City of **Dallas** completed an assessment of the city's fines and fees and discovered that pet reclamation fines and fees ranked in the top three most burdensome for residents. To respond to this issue, the city team mobilized a diverse internal working group of departments that did not often collaborate with one another, comprising of Dallas' Office of Equity and Inclusion, the Office of Community Care & Empowerment, and Dallas Animal Services. The team extended their reach by partnering with external organizations, such as the Ascend Dallas Financial Empowerment Center and the Spay and Neuter Network. Through these creative partnerships, residents struggling with unpaid pet reclamation fees attended financial counseling sessions to remediate their overdue debt, resulting in more than $12,500 of debt reduced for residents in the first seven months. Acting Director of Dallas Animal Services Paul Ramon stated, "We would not have known what we could do together if we would not have been brought together."

Pueblo, CO (Population: 111,876)

In **Pueblo**, the Municipal Court and the Pueblo Financial Empowerment Center (Pueblo FEC) joined together to remediate general offense fines and fees for Pueblo residents participating in the program. Through this partnership, participating residents were required to complete at least three financial counseling sessions which led to a 50 percent reduction in fines and fees owed.* The FEC was able to track each participant's outcomes and achievements and connect them to wraparound services. Participants not only reduced their debt but were connected to social services, which assisted them with achieving other economic mobility goals such as employment, securing a driver's license, opening a bank account, and applying for housing services.

Community Engagement is Crucial to Educate and Build Trust with Residents

Community engagement is fundamental to building trust between residents and municipal governments. It offers city leaders the opportunity to hear first-hand what the community is experiencing and adjust their assumptions and strategies accordingly. Through their CAFFE programs, city leaders found that many residents, particularly minority residents and those from underserved communities, distrust or have negative associations with local government and may not understand how to engage with city representatives. This was especially evident with code enforcement and the municipal court system. When city governments take punitive measures against residents, community members are, unsurprisingly, more reluctant to interact with city representatives and may even harbor negative sentiments, further eroding trust in government entities.[18, 19] Community engagement strategies, such as public events (both in person and virtual), town halls, focus groups, door knocking, phone calls and sending postcards, ensures that there is two-way information sharing. City leaders and staff learn about residents' most pressing concerns and can take steps to lessen the negative repercussions on the community, and residents can better understand government procedures and the services available to help them.

* Pueblo FEC is a public service that offers free, one-on-one, professional financial counseling to Pueblo County residents to help them improve their financial health and achieve economic stability.

Las Vegas, NV (Population: 641,903)

As part of the City of **Las Vegas**' effort to reduce the impact of code enforcement fines and fees, Department of Code Enforcement employees canvassed underserved neighborhoods, spoke with residents and provided them with information and, most importantly, engaged them with compassion. Many residents were unaware of, or unable to remedy, the code enforcement issues for which their fines had been assessed. By educating the community on city code and offering support to those who struggled to correct their code enforcement citations, the city was able to reduce the debt of participating residents by an average of nearly $1,000 per person.

Washington, D.C. (Population: 689,545)

The City of **Washington, D.C**., held a Returning Citizens Financial Empowerment Summit and several other community events to engage justice-involved residents reintegrating into the community and assist them in paying down court-related fines and fees incurred before or during their incarceration. The city also partnered with the Washington, D.C. Corrections Information Council, which inspects, monitors, and reports on the conditions of confinement at facilities where District residents are incarcerated, to educate them about the services available to them to remediate court-related fines and fees upon their release.

Buy-In from Leadership is Critical to Implement and Sustain Fine and Fee Remediation Efforts

Because fines and fees are an integral revenue stream for so many local and state governments, it is crucial to get buy-in from city leadership to make significant strides in lessening the adverse effects of fines and fees on residents. Local or state leadership can often be the impetus to effecting change in this area, as officials recognize the importance of their residents' financial stability and become aware of the damage that fines and fees have on meeting this goal. Having buy-in from elected officials and city leaders lends validity to efforts to minimize the negative impacts of fines and fees. Elected leaders can introduce or advocate for changes to local or state fine and fee collection policies and practices. Government officials can also use their position to address roadblocks that may impede these efforts. Local officials are more likely to support fine and fee remediation efforts if they see alignment with their priorities. City staff or community organizations can share data with local leaders about the negative impacts of fines and fees on residents financial stability and emphasize how these impacts can harm whole communities. For example, if residents are unable to hold a job or pay housing costs then neighborhoods suffer.

Maywood, IL (Population: 23,512)

Mayor Nathaniel Booker and his team were able to leverage connections with key county departments including the Cook County Treasurer's, Assessor's and Clerk's offices. These relationships enabled the **Maywood** CAFFE team to compile a list of eligible residents who were indebted to the municipality due to late property tax fees and work with them to provide financial coaching, home readiness, and credit building.[20]

St. Louis, MO (Population: 301,578)

The **St. Louis** CAFFE team included the city's Treasurer Adam Layne, Municipal Judge Newton McCoy, and the city's Criminal Justice Coordinating Council (CJCC), Executive Director, Nicolle Barton. Layne collaborated with the Municipal Court and the CJCC, leveraging the resources of the Treasurer's Office, which oversees the Office of Financial Empowerment (OFE), to implement the program. Because of his involvement, the CAFFE team built upon the Treasurer's Take A Right Turn program* to establish the initiative, focusing on individuals facing charges for driving without insurance. Judge McCoy's participation ensured that residents facing these charges could be diverted to the city's program, which allowed participants to remediate portions of their debt by attending financial empowerment workshops offered through the OFE. Barton, through the CJCC, brought expertise in justice reform and community coordination, helping strengthen cross-agency collaboration and ensure the program aligned with broader citywide equity and justice goals. Together, this partnership created an innovative model that connects financial empowerment with criminal justice reform, offering residents a path toward stability and opportunity.

Birmingham, AL (Population: 200,733)

Under the leadership of municipal court judge Andra Sparks, the **Birmingham** CAFFE team encouraged other municipal court judges to remit or significantly reduce municipal fines for driving with a suspended or revoked driver's license for Birmingham residents if they participated in the city's CAFFE program. Residents were invited to participate in financial empowerment courses and receive one-on-one financial coaching to reduce their fine debt and obtain a current driver's license.

* The *Take A Right Turn* initiative, administered by Justine Petersen in collaboration with the City of St. Louis, offers a revolving loan fund to assist low-income residents with essential vehicle-related expenses - such as tag renewals, insurance premiums, and personal property taxes - to increase traffic safety and reduce the number of uninsured motorists. https://www.stlouis-mo.gov/government/departments/mayor/news/traffic-safety-revolving-loan-fund-approved.cfm

Behavioral Design Can Bolster Implementation Efforts and Improve Program Uptake

It's widely understood that humans are not entirely logical creatures; yet most policy and program designs assume that individuals take all available information into account, weigh the costs and benefits of given options, and then select the choice that aligns with their own best interests. However, in reality, people do not operate with full information - they are restricted by cognitive limits, and often select the option that is "good enough."[21], [22] Thus social programs and services that can benefit people are often underutilized because of administrative burdens, such as the time spent learning about programs, eligibility status, and required documentation.[23]

This understanding of human behavior sheds light on why many municipal policies and programs fall short of achieving their intended outcomes—including those aimed at minimizing the harmful impacts of fines and fees. Behavioral design uses insights from academic fields of economics, psychology and neuroscience, to help program implementers understand why people behave the way they do to develop "effective policies, programs and products that help people make and follow through on the best decisions for themselves—and for society … ."[24] Applying behavioral design concepts can strengthen program design and implementation; for instance, assessing and reconfiguring communication methods to increase program uptake, or changing residents' perceptions of financial empowerment services.

Engaging residents about fines and fees they owe can be particularly challenging due to the sensitive nature of debt and the helplessness many residents may feel when barraged with payment requests that they are unable to pay. To help address these challenges, NLC connected the CAFFE cohort cities with ideas42, an organization that uses behavioral design to help create social impact. Several CAFFE cities utilized this resource to improve their program design and participant uptake by assessing the common behavioral barriers that may have inhibited residents from participating in local programs, designing and implementing solutions to reduce or eliminate obstacles, and measuring success of these changes to learn and adapt for the future.

Las Vegas, NV (Population: 641,903)

The City of **Las Vegas** utilized behavioral design tools to reimagine outreach to residents in debt as a result of code enforcement citations. The city's Neighborhood Services Department initially sent formal letters on city letterhead to residents who had outstanding code enforcement citation fines. The letters encouraged them to sign up for Local Interventions through Financial Training (LIFT), a program that provided residents the opportunity to complete a one-day course that covered topics such as creating a saving and spending plan, building family wealth, debt reduction, and technology and money. Participants also worked one-on-one with financial counselors to build a long-term financial plan and restructured debt repayment plan. The program initially experienced low uptake, as residents tend not to respond to official-looking letters from the government.[25,26] The city team then worked with ideas42, a nonprofit that specializes in behavioral science, to design a flyer that was more friendly and engaging that described the program and encouraged residents to participate. The flyer was printed in both English and Spanish and was shared widely in communities where their residents were more likely to benefit from the program. The changes translated into immediate increases in program uptake and the city plans to continue using the flyer to promote their program.

FIGURE 4, PART 1 (ENGLISH)

Las Vegas' Redesigned Promotional Flyer

FIGURE 4, PART 2 (SPANISH)

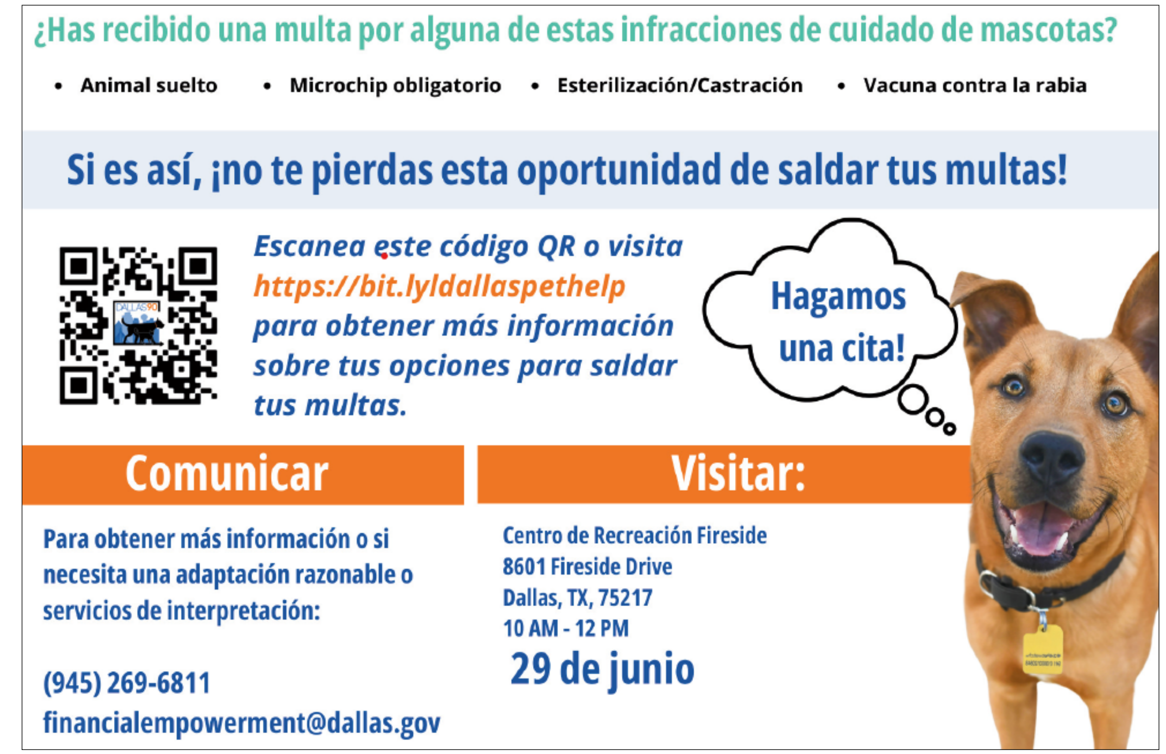
Las Vegas' Redesigned Promotional Flyer

Dallas, TX (Population: 1,304,379)

The City of **Dallas**' Animal Services department sent formal letters to residents targeted for their program inviting them to participate in financial empowerment programming and experienced extremely low program uptake. With the help of ideas42, the city created a postcard that promoted a community engagement event to inform residents with At-Large Animal fines about the opportunity to reduce or remit their fines through financial education courses, educate them about pet care, and connect them with a local Spay and Neuter Network. The bilingual postcard was developed in both English and Spanish (with options for additional languages), and dissemination was focused on neighborhoods with high incidences of At-Large Animal fines and fees, ensuring that communication was direct, tailored and accessible. City staff received positive feedback about the postcards from residents. One financial course participant shared that they initially feared that they were in legal trouble after receiving the original letter from the city, but the redesigned postcard gave them the courage to attend the launch event and enroll in the program.

FIGURE 5, PART 1 (ENGLISH)
Dallas' Redesigned Program Postcard

FIGURE 5, PART 2 (SPANISH)
Dallas' Redesigned Program Postcard



Legislative Action Ensures that Fine and Fee Remediation Efforts are Codified Long-Term

Legislative changes concerning how cities impose and collect municipal fines and fees can be a tool for longer-term resident economic well-being, as well as more ethical and efficient revenue generation for cities. Legislative action can be taken to forgive old debt that is unlikely to be paid, releasing the administrative costs to the city; or to codify ability-to-pay processes or diversion programs, establishing more equitable assessment of fines and fees. Some of these actions can only be taken at the state level, and some are under city control; a first step is understanding over which legislation the municipality has control.* Many cities have already made headway in fines and fees reform across the country.

* For more information on preemption, please visit: https://www.nlc.org/initiative/empowering-local-authority-advocating-for-responsible-preemption/

In 2018, San Francisco, CA became the first in the nation to eliminate all locally charged criminal justice administrative fees; Durham, NC eliminated a $250 administrative fee for owner-occupied properties that violate codes around trash and undergrowth; and St. Paul, MN passed legislation to end debt-based driver's license suspensions due to failure to pay.[27], [28]

> **While ability-to-pay statutes and diversion programs have been shown to be effective in reducing the hardship faced by residents who are unable to pay exorbitant fines and fees, the root of the challenge stems from governments' reliance on fines and fees as a means of revenue generation."**

A cost-benefit analysis is an effective way for municipalities to understand if the revenue generated from fines and fees outweighs the harm imposed on residents, particularly in light of recent declines in collections.

Montgomery, AL (Population: 200,603)

In 2023, **Montgomery** Mayor Steven Reed, a staunch supporter of the CAFFE Initiative, passed Executive Order 2024-0220, Remission of Fines, Fees & Costs for Municipal Court Convictions.[29] The Order forgives fines and fees for certain adjudicated convictions, including misdemeanor cannabis possession, Class C misdemeanors, ordinance violations, and some traffic violations (excluding driving under the influence [DUI] traffic cases) that were finalized before January 1, 2014. Residents who still owe fines and fees from that time period saw reductions in their balances as a result of this order. The purpose of the Order was "to relieve individuals and families of financial burdens stemming from long-outstanding municipal convictions, specifically addressing the disproportionate impact on low-income and minority communities in Montgomery."[30] According to a July 2025 report on the outcomes of the Executive Order, the majority of the impacted population was Black, consistent with patterns of historic policing and the disproportionate imposition of municipal fines and fees on Black residents in Montgomery.[31]

Maywood, IL (Population: 23,512)

The Village of **Maywood** had one of the highest property tax rates in Cook County. The County bills property taxes in two annual installments, which are often too high for residents to pay, leading to steep fines and further exacerbating residents' financial strain and, in some cases, leading to loss of their homes.[32] In response, Mayor Nathaniel Booker of the Village of Maywood championed the New Construction Home State Exemption Bill that was passed in the Illinois House and Senate in 2024.[33] The Bill freezes the tax rate for 10 years for homes built within the last five years through the year 2034. He also supported Illinois Senate Bill 1675, which amends the property tax code and imposes changes on penalties for delinquent tax amounts and implements payment plans for late property taxes.[34, 35] These pieces of legislation are expected to decrease the number of residents who are assessed a late property tax fee and enable them to stay in their homes or decrease the barriers to homeownership, aligning with the goals of Maywood's CAFFE program.

Conclusion: Long-Term Impacts on Residents' Debt Reduction

The eight cities in the CAFFE Initiative's second cohort made a lasting impact on vulnerable residents through their programs. These cities evaluated the harm caused by fines and fees and referred impacted residents to financial counseling, coaching, and other financial empowerment services as an incentive to have their assessed charges reduced or waived. As a result, CAFFE cities decreased the number of residents indebted to the municipality, explored alternate methods for less-burdensome revenue collection, and strengthened the financial knowledge of participants, ultimately lowering some of the barriers to residents' upward mobility.

Fines and fees and associated debt can have long-lasting damaging impacts on individuals' economic well-being. It can decrease credit scores, make it more difficult to remain employed, hurt the local economy by diminishing spending power, and limit the ability of families to secure and maintain housing.[36] Cities are well-positioned to take action to mitigate these challenges for their residents. By assessing the impact of fines and fees on their residents; building trust with impacted communities; and taking measures to divert those who are unable to pay to alternative payment methods and financial services; and advocating for changes to fine and fee structures overall, cities can potentially change the trajectory for residents deep in debt. Replicating or expanding programs such as these would make great strides in ensuring upward economic mobility for residents and reduce the prevalence of municipal governments and courts serving as debt collectors. Municipalities have an obligation to examine the ways in which local policy and practice may cause undue burden on their residents, such as fines and fees. By first acknowledging the negative impact that fines and fees can have on residents' financial health and making efforts to reform the relevant protocols and policies, cities can cultivate and foster the economic mobility of their residents, to the benefit of all.

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The findings and conclusions contained within are those of the authors and do not necessarily reflect the positions or policies of the project's supporters. Learn more about how you can take action to address fines and fees in your community by contacting NLC's Economic Opportunity and Financial Empowerment team at eofe@nlc.org.

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Cities Addressing Fines & Fees Equitably (CAFFE) Second Cohort (2023-2025)

Municipality	Fine or Fee Addressed	Partners
Birmingham, AL	Fines associated with driving without a license, driving while license suspended, driving while license revoked	Birmingham Municipal Court, IMC Financial Consulting
Dallas, TX	Animal at large fines**	Dallas Office of Equity and Inclusion, Dallas Office of Community Care, Dallas Animal Services, Dallas Financial Empowerment Center
Las Vegas, NV	Code enforcement violation fines	Las Vegas City Council, Las Vegas Department of Neighborhood Services, Opportunity Alliance of Nevada
Maywood, IL	Unpaid or late property tax fees	Village of Maywood Mayor's Office, Wintrust, Healthy Community Initiative, InfoMaple Consulting
Montgomery, AL	Traffic-related fines	Montgomery Municipal Court, Montgomery Planning Department, Montgomery Mayor's Office, Alabama Appleseed, Southern Poverty Law Center
Pueblo, CO	General offense fines (such as minor traffic violations, loitering, littering, trespassing)	Pueblo Mayor's Office, Pueblo Municipal Court, Pueblo Financial Empowerment Center, United Way of Pueblo County
St. Louis, MO	Fines for driving without automobile insurance	St. Louis Treasurer's Office, St. Louis Municipal Court, St. Louis Financial Empowerment Center, Criminal Justice Coordinating Council
Washington, D.C.	Motor Vehicle fines imposed on returning citizens	D.C. Department of Insurance, Securities & Banking: Office of Financial Empowerment and Education, Corrections Information Council, The R.E.A.D.Y. Center, United Planning Organization

** An animal is considered "at large" if it is not on its owner's property or is not under the immediate control of a responsible adult.

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