

**Dear Maven,
Along with collecting the state tax from city court defendants, a
neighboring city also assesses a local litigation tax. Is this legal?
Alderman Seeking Verdict**

Dear Verdict Seeker,

Almost all Tennessee cities with municipal courts are aware that a state litigation tax of \$13.75 is levied on all civil and criminal cases. The tax is collected when the city court renders a judgment against a defendant for violation of a city ordinance, when a defendant is found guilty or pleads guilty to a state criminal violation, or when a defendant submits to a fine for violation of a state criminal case. The litigation tax is not collected for a defendant's forfeiture of an appearance bond or when a municipal or state charge against a defendant is dismissed in court.

Many Tennessee cities are apparently not aware that Public Chapter 488 of the Public Acts of 1981 also authorizes a city to levy a *local* litigation tax that is not to exceed the state litigation tax of \$13.75. The collection rules are the same for both the state and local assessments. In very small cities, the amount of litigation taxes collected may be minimal. But in medium to large cities with heavier caseloads, that figure could be significant.

Some cities feel that it is unfair to levy a local litigation tax on top of the state tax. From a fairness standpoint, it might not be fair to levy a property tax on a Social Security recipient receiving \$565 per month who has to shuffle pennies around to pay for utilities, prescription medicine, food, and housing. From a fairness point of view, a local litigation tax permits the defendant to help pay for police, court personnel, and facilities.

Please call your MTAS consultant for a sample ordinance levying a local litigation tax.

Don Darden
Municipal Management Consultant