

## MUNICIPAL LITIGATION TAX AUTHORIZED BY STATE STATUTES

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 is dismissed in court against a defendant.

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 same rules apply for its collection. In very small cities, the amount of tax collected may be very small; however, in medium to larger cities that have heavier case loads, the amount of litigation taxes could be significant. Some cities feel that it is not fair to levy a local litigation tax on top of the State tax. From a fairness point of view, it might not also be fair to levy property tax revenue on a social security recipient receiving \$565 per month and having to move pennies around to pay for utilities, prescription medicine, food, and housing. A litigation tax permits the defendant to help pay for police, court personnel, and facilities.

Attached is a sample ordinance for levying a municipal litigation tax.

AN ORDINANCE LEVYING A LITIGATION TAX FOR THE CITY OF COWAN,  
TENNESSEE

WHEREAS, Public Chapter 488 of the Public Acts of 1981, which imposed a state litigation tax, has been interpreted by opinions of the State Attorney General as allowing cities to levy a litigation tax in the same manner as the state litigation tax now levied by TCA 67-4-602 in an amount not to exceed the amount of such state litigation tax; and

WHEREAS, the City of Cowan desires to impose a litigation tax that complies with state law and desires that the tax to help pay for court and police related expenses; and

NOW, THEREFORE, BE IT ORDAINED by the Board of Mayor and Aldermen of the City of Cowan, Tennessee that:

Section 1. Effective on the first day of the month following the passage of this ordinance, a city litigation tax shall become effective as follows:

On cases in city court there is hereby levied a city litigation tax to match the state litigation tax of \$13.75.

Section 2. The privilege taxes levied pursuant to this ordinance shall be paid to the City Recorder monthly to be used to assist in paying for the operation of city court and for the police department.

Section 3. This ordinance shall become effective on the first day of the month following the final passage of this ordinance the public welfare requiring it.

Passed this: First Reading \_\_\_\_\_  
Second Reading: \_\_\_\_\_  
Third Reading: \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest: \_\_\_\_\_  
City Recorder