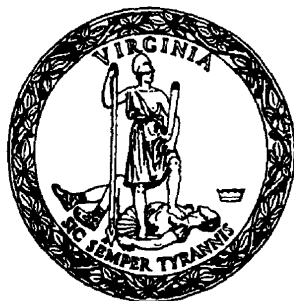


**REPORT OF THE
OFFICE OF THE EXECUTIVE SECRETARY
SUPREME COURT OF VIRGINIA ON**

**Assessing the Need for
a Fines Amnesty Program
for Virginia's District
and Circuit Courts**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 39

**COMMONWEALTH OF VIRGINIA
RICHMOND
1993**

GENERAL ASSEMBLY OF VIRGINIA -1992 SESSION

HOUSE JOINT RESOLUTION NO. 133

Offered January 21, 1992

Requesting the Office of the Executive Secretary of the Virginia Supreme Court, in cooperation with the Department of Criminal Justice Services, and the Department of Planning and Budget, to study court fines amnesty.

Patron--Copeland

Referred to the Committee for Courts of Justice

WHEREAS, approximately 21 percent of district court-ordered fines and costs remain unpaid annually (representing \$16.5 million of Fiscal Year 1986-87); and

WHEREAS, approximately 60 percent of circuit-ordered fines and costs remain unpaid annually (representing \$5.5 million in Fiscal Year 1986-87); and

WHEREAS, many methods and devices for collection of those unpaid amounts have been developed; and

WHEREAS, the use of money represented by uncollected fines and costs is substantial; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, that the Office of the Executive Secretary of the Supreme Court be requested to study, with the assistance and cooperation of the Department of Criminal Justice Services and the Department of Planning and Budget, the viability and advisability of a court fines amnesty program.

The Office of the Executive Secretary of the Supreme Court is further requested to (i) examine the mechanism employed by the Virginia Department of Taxation in granting tax amnesty to determine its applicability to a court fines amnesty program (ii) determine the incentives which might be offered to those persons who owe unpaid fines and costs to pay them under an amnesty program, (iii) determine whether such program would be viable for collection of court costs and fines which remain unpaid to the District Courts and to the Circuit Courts, and (iv) make appropriate recommendations.

The Office of the Executive Secretary of the Supreme Court is requested to complete its work in time to submit its recommendations to the Governor and the 1993 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems.

INTRODUCTION

Fines have long served as a sentencing option for a wide range of offenders. The majority of minor criminal and traffic cases do not call for imprisonment to meet the demands of justice nor the control of crime. Fines serve these purposes well and also avoid the demand for additional prison facilities. But their use also poses dilemmas for the courts. Many offenders are poor and without obvious means to satisfy court judgments. In many courts, fines and costs are also thought to be poorly enforced. If courts lack sufficient enforcement abilities, and if offenders can walk away from their obligations easily, sanctions risk being seen as having no teeth, and thereby drained of any credibility. These dilemmas reflect precisely the problems which gave impetus to the passage of House Joint Resolution No. 133 by the 1992 General Assembly.

The resolution requests the Office of the Executive Secretary of the Virginia Supreme Court to study the viability and advisability of a court fines amnesty program. The office of the Executive Secretary was further requested to examine the mechanism employed by the Virginia Department of Taxation in granting tax amnesty to determine its applicability to a court fines amnesty program, determine incentives which might be offered to those persons who owe unpaid fines and costs to pay them under an amnesty program, determine whether such a program would be viable for collection of court costs and fines which remain unpaid to the district courts and to the circuit courts, and to make appropriate recommendations to the Governor and the 1993 Session of the General Assembly.

In 1987 the Virginia Department of Planning and Budget, in cooperation with the Virginia court system, commenced a study of the scope of fines, fees, court costs, and restitution ordered by the courts of the Commonwealth, including an assessment of the adequacy of collections and collection methods for such amounts. The goal of the study was to develop recommendations and administrative plans to improve court ordered judgment collections. One of the study's findings was that for Fiscal Year 1986-1987 approximately 21% of the fines and costs in district courts were not collected and 60% of the fines and costs in the circuit courts were not collected.

The concept of amnesty programs arises within the context of efforts to improve collection of fines and costs. Generally, amnesty involves a certain period of time wherein delinquent fine debtors are allowed to pay their fines at a discounted or reduced rate. For example, under such a program, payment may be required for 50 percent of the debt with the remaining balance being forgiven. This report attempts to summarize the advantages and disadvantages of such programs, particularly within the context of the role of the courts in the adjudicative process and their function in the management of sentence enforcement. In addition, since

improved collection of fines and costs is the underlying basis for this study, the study seeks to review the progress which has occurred in this area since the Department of Planning and Budget's Study.

In submitting its report, appreciation is expressed to the Department of Criminal Justice Services, Department of Planning and Budget, National Center for State Courts, Supreme Court of Arizona and the Virginia Department of Taxation.

REPORT

This study, conducted by the Office of the Executive Secretary pursuant to House Resolution No. 133, included an examination of the mechanisms employed by the Virginia Department of Taxation in granting tax amnesty to determine its applicability to a court fines amnesty program. The examination reviewed incentives which might be offered to those persons who owe unpaid fines and costs to pay them under an amnesty program and a determination of whether such a program would be viable for the collection of court costs and fines which remain unpaid to the district and circuit courts.

In order to insure that the study of an amnesty program was thorough, the study was expanded beyond the requirements of House Resolution No. 133 by reviewing court amnesty documentation maintained by National Center for State Courts and obtaining reports on the Arizona amnesty program.

A. OVERVIEW OF UNPAID FINES AND COST WITHIN THE VIRGINIA COURT SYSTEM

The first step in determining the applicability of an amnesty program similar to that employed by the Virginia Department of Taxation was to determine the present status of the court system's effectiveness in employing collection techniques.

In 1987 the Virginia Department of Planning and Budget, in cooperation with the Virginia court system, commenced a study of the scope of fines, fees, court costs, and restitution ordered by the courts of the Commonwealth, including an assessment of the adequacy of collections and collection methods for such amounts. One of the study's findings was that for Fiscal Year 1986-1987 approximately 21% of the fines and costs in district courts were not collected and 60% of the fines and costs in the circuit courts were not collected.

Since 1988 the Virginia court system has instituted intensive programs to implement the recommendations developed by the study. The General Assembly has also enacted additional/amended statutes (Sections 19.2-353.5, 19.2-354, and 19.2-349 of the Code of Virginia) which have assisted courts in their collection efforts.

The results of the enhanced, long-term collection efforts made by the Virginia court system are clearly evidenced by the fact that for Fiscal Year 1990-1991, the rate of non-collection for fines, costs and forfeitures was 9.77% for district courts (APPENDIX-TABLE I.). Thus, the collection process has been improved over 53% during the last four fiscal periods, a significant accomplishment. Further, as can be seen in Illustration I, significant and permanent gains in reducing unpaid fines in the court system are indicated by Tax Set-Off/Collection Agency Revenues, and other innovative court programs.

ILLUSTRATION I. TAX SET-OFF AND COLLECTION AGENCY PROGRAMS

TAX SET-OFF PROGRAM:

<u>YEAR</u>	<u>AMOUNT COLLECTED</u>	<u>% INCREASE VS. PRIOR YR.</u>
1989	\$656,262	
1990	\$870,802	32.7%
1991	\$1,269,064	45.7%
TOTAL:	\$2,796,128	

COLLECTION AGENCY PROGRAM:

<u>YEAR</u>	<u>AMOUNT COLLECTED</u>	<u>% INCREASE VS. PRIOR YR.</u>	<u>COURTS WITH AGENTS</u>
1991	\$1,004,146		29
1992	\$2,316,874	130.73%	43

(APPENDIX-TABLE II)

The implementation of the Court Automated Information System (CAIS) into additional district and circuit courts and instituting computer interfaces with other agencies and departments within the Commonwealth (Department of Motor Vehicles, Department of Taxation, etc.) also has had a very beneficial impact in the court system's management over collections.

The CAIS Financial Management System/Department of Taxation Interface was initially developed in 1989. This interface allows the courts to transfer, via a magnetic tape exchange, delinquent accounts receivable to the Department of Taxation for collection as part of the Debt Set-Off Program. The fourth annual submission was made in November 1992 for 172 courts and \$66 million of delinquent accounts, more than a five fold increase over the first submission in 1989.

Even with the statewide implementation of the interface between the General District Court Case Management System and the Department of Motor Vehicles, which effectively transmits Abstracts of Convictions and has enhanced the collections effectiveness of suspending licenses for non-payment of fines and costs for Virginia residents under Section 46.2-395 of the Code of Virginia, courts continue to experience high rates of unpaid fines and costs on the part of nonresidents. Presently it is estimated that over 28% (APPENDIX - TABLE V.) of unpaid fines and costs are

owed by nonresidents. One of the possible reasons for this situation is that although the Nonresident Violator Compact of 1977 now includes 43 states, the method of nonresident driver's license suspensions via Form DI 437 is antiquated. The court system is not directly involved with the administration of Form DI 437, but could possibly assist the Department of Motor Vehicles in their efforts using the facilities of the CMS\DMV interface.

B. REVIEW OF LITERATURE ON COURT AMNESTY PROGRAMS

The next step in determining the applicability of an amnesty program similar to that employed by the Virginia Department of Taxation was to obtain and review literature from the National Center for State Courts on court amnesty programs in other states. Very few states have found sufficient justification to authorize amnesty programs for their courts, although during the study information on the Phoenix, Arizona Amnesty program was obtainable.

The literature indicated that one of the most striking features of the late 1980's and early 1990's with regards to courts was the array of pressures to collect fines and costs, especially on limited jurisdiction courts. In this regard, the phenomenon of "amnesty" has arisen. Generally, amnesty involves a certain period of time wherein delinquent fine and cost debtors are allowed to pay their fines at a discount rate, for example fifty percent. Although acute economic pressures to generate short-term amnesty money for the public good may be great, the negative features of amnesty programs for state judiciaries may significantly outweigh financial advantages of such programs.

The advantages most cited for justifying the authorization of an amnesty program to collect unpaid fines and costs are:

1. The possibility of generating short-term "fast" revenue dollars to meet temporary budgetary requirements.
2. Recorded delinquent accounts are reduced. (Unfortunately, many of the reductions are from discounting delinquent accounts by as much as 50 percent APPENDIX-TABLE IV.)

The disadvantages most cited by states not instituting amnesty programs to collect unpaid fines and costs are:

1. Amnesty programs having a negative impact on a court's "long-term" function in managing sentence enforcement. Defendants may tend to postpone present sentence responsibilities in the hopes of future amnesties or better enticements to pay fines and costs.

2. Amnesty programs may decrease managerial prudence over state funds administered by the courts. Court's/public's perception of the importance of judgments and collections may be lessened if the state's position is perceived as only interested in raising "fast" revenue.
3. An amnesty program may be accused of being highly regressive against the poor and those committing lesser offenses. Serious offenders receive proportionally greater amnesty benefits than lesser offenders, even if only interest on unpaid fines and costs is forgiven to entice defendant payments. Also, the affluent are in a potentially better position to take advantage of an amnesty program where defendant advantages are achieved only after monetary payments are made.
4. Amnesty programs are not designed to resolve the long-term challenge to reduce fine and cost delinquencies. Most amnesty programs are in effect less than two months.
5. Amnesty programs require significant allocations of state funds and personnel.

ILLUSTRATION II. PHOENIX, ARIZONA PROGRAM

FINE AND COST RECEIVABLES:

Receivables - Pre-Amnesty Program:	\$50,000,000	(100%)
(Less) Amnesty Collections:	1,250,000	(2.5%)
(Less) Amnesty Write-Offs:	1,250,000	(2.5%)
Post-Amnesty Receivables:	\$47,500,000	(95%)

PROGRAM COSTS:

Amnesty Grant Fund:	\$324,140
(Covered 18 temporary employees, advertizing, and mailings)	
Supreme Court Collection Enhancement Advisory Employees:	Cost Not Available
(Assist local courts with amnesty and other collection programs)	

(APPENDIX-TABLE IV)

6. There is little evidence available that an amnesty program is either a popular or an easy method of raising new revenue. Only one Arizona court out of 200 has actually participated in an amnesty program and the majority of cases collected on were generic traffic cases.
7. Amnesty programs may effect negatively long-term collection techniques used by court systems and violate contracts with collection agencies used by some courts. In Virginia, the effects of an amnesty program should be considered since significant revenues are generated by the Tax Set-Off Program and the Collection Agency Program. Special attention should be given to the possibility of breaching contracts with collection agents under Section 19.2-349 of the Code of Virginia. (APPENDIX-TABLE II.)
8. Amnesty may not be a fair program for those who have already paid their judgments or for those that do not qualify for the amnesty program.
9. Amnesty literature emphasizes that an amnesty program works well only if offenders know that the state has instituted stiffer future penalties for delinquents.
10. If an amnesty program is primarily a revenue program, questions arise on how to handle mandatory and non-financial penalties.
11. Amnesty programs could possibly send misleading messages to the community. For example, offenders could wrongly interpret an amnesty to mean that court orders can be ignored and that if you wait long enough to obey court orders, you might obtain a better deal.
12. Amnesty programs strike at the very heart of the judicial process and undermine the dignity of and respect for the court and jeopardize its ability to adjudicate effectively.

C. REVIEW AND APPLICABILITY OF VIRGINIA DEPARTMENT OF TAXATION'S AMNESTY PROGRAM.

The final step in determining the applicability of an amnesty program similar to that employed by the Virginia Department of Taxation was to obtain and review detailed information on the Virginia Department of Taxation's Amnesty Program.

In 1989, the General Assembly passed SB 732 and HB 1596, authorizing the Virginia Tax Amnesty Program. The tax amnesty was a one-time opportunity allowing delinquent taxpayers to pay tax liabilities older than 90 days without paying civil and

criminal penalties. The program began on February 1, 1990 and ran through March 31, 1990.

The Department hired Siddal, Matus, and Coughter, a Richmond based advertizing agency, to develop a comprehensive advertizing and public relations plan to inform Virginia taxpayers about the amnesty program. A \$1.2 million advertizing and public relations campaign was developed and featured paid ads in magazines, newspapers, radio and television, as well as a series of press conferences, press tours, and printed literature.

A critical aspect of the program was that following the amnesty, tax penalties were increased for delinquent taxpayers. Combined penalties for failing to file a return and late payment raised from a minimum of 15.5% to a maximum of 25%. A penalty of 100% of the tax due was added for false or fraudulent corporation income tax returns. In addition to the hiring of temporary personnel during the amnesty period, the Department created a permanent Criminal Investigation Unit consisting of five full time employees. During the program, Department management emphasized that an amnesty program can only be effective if post-amnesty penalties are increased and permanent personnel are available to follow-up on delinquents.

ILLUSTRATION III. VIRGINIA DEPARTMENT OF TAXATION AMNESTY PROGRAM

1. COLLECTIONS: PRE-PROGRAM RECEIVABLES:	\$400,000,000	(100%)
(LESS) AMNESTY COLLECTIONS:	\$ 31,000,000	(7.8%)
POST-PROGRAM RECEIVABLES:	\$369,000,000	(92.2%)
2. COSTS: ADVERTIZING EXPENDITURES:	\$750,000*	
TEMPORARY PERSONNEL:	NOT AVAILABLE	
CRIMINAL INVESTIGATION UNIT PERSONNEL: (5 FULL TIME EMPLOYEES)	NOT AVAILABLE	

* \$1.2 million budgeted

(APPENDIX-TABLE III.)

Operationally all eight Virginia Department of Taxation Field Offices could collect amnesty payments but only the Richmond headquarters could credit delinquent accounts and deposit funds.

The amnesty program indicated that the greatest impact was on delinquent accounts which already were under review by the Department and had little impact on increasing new tax evader revenue.

CONCLUSIONS

- **The negative features of amnesty programs for state judiciaries significantly outweigh financial advantages of such programs.**
 - **There is little evidence that amnesty programs are either a popular or an easy method of raising new revenues, and may be accused of being highly regressive against the poor and those committing lesser offenses. Serious offenders receive proportionally greater amnesty benefits than lesser offenders, even if only interest on unpaid fines and costs is forgiven to entice defendant payments. Amnesty programs may effect negatively long-term collection techniques used by court systems and may violate contracts with collection agencies if agencies are used by courts.**

- **Based on surveys of both the Virginia Department of Taxation Amnesty Program and the Arizona's Courts Amnesty Program, the administrative requirements to coordinate the significant number of courts within Virginia would far exceed those involved in the other two programs.**
 - **An amnesty program for the Virginia court system would require, at a minimum, the same advertising budget as the Virginia Department of Taxation's Amnesty Program of \$1.2 million, and the creation of a Court Delinquent Accounts Unit, composed of five permanent employees with accounting and legal backgrounds. Funds for temporary employees during the amnesty period would also be needed to support the collections efforts in the individual courts.**

 - **In addition, the Virginia General Assembly would have to pass legislation increasing the penalties for defendants not taking advantage of the amnesty program, and for all future defendants choosing not to, or who are unable to pay court ordered judgments.**

RECOMMENDATIONS

The incorporation of most techniques used in the public and private sectors to collect debts is desirable, but serious questions arise concerning the potential benefits that could be achieved if the Commonwealth instituted an amnesty program in the collection of court ordered fines and costs. These concerns include the possible negative impact an amnesty program may have on the court system's long-term function in managing sentence enforcement, the highly regressive nature of an amnesty program against the poor, the potential detrimental influence an amnesty program could have on the daily issuance of court order judgments, and the possible disruption of successful long-term collection programs instituted by the courts since 1988. The following alternative techniques should be considered by the legislature to enhance collections of unpaid fines and costs rather than an amnesty program:

1. Although Commonwealth budgets are being strained presently, the legislature may desire to consider the advisability of investing additional funds into further enhancements to the court system's CAIS Financial Management System/Department of Taxation Interface and Collection Agency Programs. These programs have already generated over \$6,117,000.
2. The collection of unpaid criminal fines could be enhanced if statutory modifications were made permitting the suspension of driver's licenses for failure to pay outstanding fines and costs similar to the provisions now available under Section 18.2-259.1 and 46.2-395 of the Code of Virginia. As an alternative to suspension or revocation, the use of a restricted driver's license could be considered.
3. It is estimated that out-of-state residents account for approximately 28% of total court delinquent fines and costs (Over \$23 million according to computerized court records: (APPENDIX-TABLE V.)). Existing procedures,

designed to aid in collection of unpaid fines for out-of-state traffic convictions, could be administratively refined, and enhanced through computerization to decrease delinquent accounts. Procedurally, Form DI 437 is used to suspend a delinquent out-of-state motorist's privileges to drive in their own state. This form is processed by the arresting officer, forwarded to the Department of Motor Vehicles and disseminated by the Department to reciprocal states under the Nonresident Violator Compact of 1977.

Based on projections of unpaid out-of-state convictions compared to actual Forms DI 437 processed last year by the Department of Motor Vehicles, it appears that Form DI 437 effectively reaches reciprocal states for suspension in less than one in four cases involving unpaid out-of-state traffic convictions. Suspension/revocation of an out-of-state driver's license in their home state via Form DI 437 is integral to the Virginia court system's collection process. It is felt that significant increases in revenue could be obtained by implementing the following recommendations.

Section 46.2-383 of the Code of Virginia permits the use of electronic means to forward abstracts of records and convictions from courts to the Department of Motor Vehicles. Rather than rely upon the manual issuance of DI 437 forms, the Department could use transmitted abstract information from the courts to create electronic equivalents of Form DI 437. This equivalent information could then be batched and transmitted to the reciprocal states by the Department of Motor Vehicles, thus insuring that more out-of-state motorist suspensions are properly administered.

For courts not yet interfaced with the Department of Motor Vehicles, other alternative procedures might be considered. Modifications to the Virginia Uniform Summons could be made in order that Form DI 437 is generated simultaneously with the completion of the summons. Courts could then forward Form DI 437 automatically with out-of-state abstracts of conviction to the Department of Motor Vehicles. Another option would be to require all arresting officers to complete Form DI 437 for all out-of-state traffic offenses,

to be turned into the courts with the Virginia Uniform Summons.

4. Civil judgments could be generated by the court to aid in the collection of unpaid fines and costs. Utilization of civil processes such as garnishments, seizure of assets, and judgment liens may decrease significantly unpaid fines and costs. This recommendation recognizes that additional court staffing would be required, but enhancements to revenue collections may more than offset the cost of additional staffing.

APPENDIX

TABLE I.

DISTRICT COURTS
COMMONWEALTH AND LOCAL COLLECTIONS/JUDGMENTS
(FINES, COSTS, FORFEITURES & INTEREST)
1 JULY 1990 - 30 JUNE 1991

COMMONWEALTH COLLECTIONS (1):			
FINES, COSTS & FORFEITURES	\$63,161,820		
LOCAL COLLECTIONS(1):			
FINES, COSTS FORFEITURES-	24,001,091		
CHMF -	2,413,028		
TOTAL COLLECTIONS:		89,590,939	90.23%
1991 INCREASE IN RECEIVABLE			
JUDGMENTS(2):		9,699,862	9.77%
TOTAL JUDGMENTS FOR 1991(3):		\$99,290,801	
OTHER INFORMATION:			
COMMONWEALTH INTEREST REVENUE-	\$806,000		(4)
LOCAL INTEREST REVENUE-	306,710		
TOTAL INTEREST REVENUE:	\$1,112,710		
1991 INCREASE IN RECEIVABLE			
JUDGEMENTS FOR CIRCUIT			
COURTS(2):	\$4,810,584		

(1) VIRGINIA STATE OF THE JUDICIARY REPORT 1991.

(2) BASED ON 6/15/92 CAIS REPORT AND 1991 CAIS TAX SET-OFF STATISTICS AND ADJUSTED FOR DISTRIBUTION OF RECEIVABLES (DISTRICTS-63% & CIRCUITS-37%) & DISTRIBUTION OF STATE CASELOAD (FMS DISTRICTS-76%; FMS CIRCUITS-90%).

(3) ASSUMPTION MADE THAT ON AVERAGE THAT THE MAJORITY OF COLLECTIONS ARE FROM JUDGMENTS MADE DURING THE YEAR AND THAT ON AVERAGE THE EFFECTS OF PRIOR YEARS' TAX SET-OFF AND COLLECTION AGENCY REVENUES HAVE A MINIMAL EFFECT ON TOTAL FIGURES.

(4) ESTIMATION BASED ON LOCAL INTEREST AS A PERCENTAGE OF OTHER COLLECTIONS.

TABLE II.

TAX SET-OFF AND COLLECTION AGENCY PROGRAMS

TAX SET-OFF PROGRAM:

<u>YEAR</u>	<u>AMOUNT SUBMITTED</u>	<u>CHANGE</u>	<u>AMOUNT COLLECTED</u>	<u>CHANGE</u>
1989	\$11,336,486		\$656,262	
		\$22,941,784 202.37%		\$214,540 32.69%
NOTE: SIGNIFICANT INCREASE DUE TO INCREASED NUMBER OF COMPUTERIZED COURTS AND NUMBER OF COURTS ON FMS/CMS INTERFACE.				
1990	\$34,278,270		870,802	
		\$15,234,657(1) 44.44%		\$398,262 45.7%
NOTE: 78% DECREASE IN GROWTH RATE WITH INCREASE IN NUMBER OF COMPUTERIZED COURTS USING MAGNETIC TAPE TAX SET-OFF SUBMITTALS AND INCREASE IN NUMBER OF COURTS USING COLLECTION AGENTS ('91-29, '92-43 COURTS WITH AGENTS).				
1991	\$49,512,927		\$1,269,064	
1992	\$66,591,380			
		TOTAL:	\$2,726,128	

(1) INCREASE INCLUDES APPROXIMATELY \$3,006,672 IN PRIOR YEARS' INTEREST AND \$526,564 IN 1991 CASES' INTEREST (INTEREST RATE 9%).

COLLECTION AGENCY PROGRAM:

<u>YEAR</u>	<u>AMOUNT COLLECTED</u>	<u>CHANGE</u>	<u>COURTS WITH AGENTS</u>	<u>CHANGE</u>
1991	\$1,004,146		29	
		\$1,312,728 130.73%		14 48.28%
1992	\$2,316,874		43	

TABLE III. VIRGINIA DEPARTMENT OF TAXATION AMNESTY SURVEY

A. PROGRAM SUMMARY:

- 1. In 1989, the General Assembly passed SB 732 and HB 1596, authorizing the Virginia Tax Amnesty Program. Tax amnesty was a one-time opportunity allowing delinquent taxpayers to pay tax liabilities older than 90 days without paying penalties.**
- 2. All taxes eligible.**
- 3. Program began February 1, 1990 and ran through March 31, 1990- a 2 month period.**
- 4. The intent of the tax amnesty program was to encourage delinquents and evaders to come forward and pay back taxes. The program was to accelerate the collection of tax revenues and add previously unknown filers to the tax rolls.**
- 5. Virginia's goal for tax amnesty was to raise \$26.8 million in revenue.**
- 6. The Department of Taxation hired Siddal, Matus and Coughter, a Richmond based advertising agency, to develop a comprehensive advertising and public relations plan to inform Virginia Taxpayers about the amnesty program. The advertising and public relations campaigns featured paid ads in magazines, newspapers, radio and television, as well as a series of press conferences, press tours, and printed literature.**
- 7. If tax payers filed during the amnesty period, they could avoid civil and criminal penalties.**
- 8. Following the amnesty, tax penalties got stiffer. Combined penalties for failing to file a return and late payment raised from a minimum of 15 1/2% to a maximum of 25%. A penalty of 100% of the tax due was added for false or fraudulent corporate income tax returns. A criminal investigations unit was added to the Department.**
- 9. No partial payments, payment plans or credit cards transactions were available to taxpayers.**

B. PROGRAM FINANCES*:

1. Collections-

Pre-Program Receivable:	\$400,000,000 (100%)
Amnesty Collections:	- 31,000,000 (7.8%)
Post-Program Receivables:	369,000,000 (92.2%)

2. Costs -

Advertisizing Expenditures:	\$750,000
Temporary Personnel:	Not Available
Criminal Investigation Unit Personnel:	5 Full Time Employees Not Available

*** Estimated per Virginia Tax Department (9/25/92)**

TABLE IV. ARIZONA AMNESTY PROGRAM SURVEY

A. PROGRAM SUMMARY:

1. Legislation passed during 1991 session allows courts to collect civil traffic fines more than 12 months delinquent by conducting programs which reduce the outstanding amount due by up to 50 percent.
2. Coordinated by Supreme Court's Judicial Collection Enhancement Fund Division, 542-9339 (Phoenix).
3. People with outstanding civil fines or misdemeanor arrest warrants allowed to come to court during May 1991, and pay fines at a reduced rate in order to clear case.
4. Court conducted an intense media and advertising campaign to tell public about the program. The campaign also warned that in June, the Phoenix Police Department would begin a crackdown of the people with outstanding fines and warrants.
5. Project funded by special funds of the Arizona Supreme Court. Source of funds from the Judicial Collection Enhancement Fund and money from criminal case processing fund.
6. Project-End Report:

Target Backlog:	77,000 (100%)
Case Cleared:	30,000 (39%)(16,000 Defendants)
Case Not Cleared(A):	47,000 (61%)
Police Crackdown	
Arrest:	90 (.19% of (A))
7. Negative Publicity-Tucson, Arizona, City Court (Spring 1992) - Court Against Program ("Fine Amnesty: Taking the Low Road").
8. Guidelines for programs to reduce outstanding Civil-Traffic Sanctions:
 - A. Approval required from Supreme Court.
 1. Purpose - Reduce outstanding fines, penalties, surcharges and sanctions which are at least 12 months delinquent.
 2. Reduce the outstanding amount due by individual defendants by up to 50 percent.
 3. Civil Traffic penalties are included in the proposed program.
 - B. Proposed programs must include the following:
 1. Beginning and end date not to exceed 60 days.

2. Programs should not be conducted more than once every five years.
 3. Schedule of violations/violators eligible must be defined (DUI Not Eligible).
 4. Plan to handle increased activity (Court, Staff, Judges, Space).
 5. Planned results of program and measurement methods.
 6. Planned increased enforcement effort.
 7. Planned involvement of other agencies - Police Department, Prosecutor, Public Defender.
- C. Reporting procedures: each court to send JCEF Division a Project-End Report which describes results.

B. PROGRAMS FINANCES:

1.	Revenues-		
	A.	Total Receivables:	\$ 50,000,000 (100%)
	B.	Amnesty Collections:	\$ 1,250,000 (2.5%)
	C.	Amnesty Write-Offs:	\$ 1,250,000 (2.5%)
	D.	Post-Amnesty Receivables:	\$ 47,500,000 (95%)
2.	Costs -		
	A.	Amnesty Grant Funding -	\$ 324,140
	B.	Court Amnesty Employees (2 MO.'s - 1 Yr.):	18
	C.	Supreme Court Coll. Enhancement Advisory Employees: (4-5)* *Assist Local Courts With Amnesty and Other Collection Programs.	
	D.	Mailing Notices:	77,000
		Estimated Postage Cost:	\$ 19,000
		Labor:	\$ 4,000-5,000
		Mailing Stat's:	12-15% Response Rate
		50 % Undeliverable Rate	
	E.	Amnesty Write-Off:	\$ 1,250,000
3.	Revenue-Cost Summary:		
		Collections:	\$ 1,250,000
		Write-Offs:	- 1,250,000
		Amnesty Grant:	- <u>324,140</u>
		Net:	(\$ 324,140)

	<u>CASES</u>	<u>AMOUNT</u>
Targeted Backlog:	77,000 (100%)	\$6,400,000(100%)
Cases Cleared:	30,000 (38.9%)	1,250,000(19.5%)(B)
50% Amt. Reduction:		1,250,000(19.5%)
Cases Not Cleared:		
(A):	47,000 (61.1%)	3,900,000(61%)
Police Crackdown:		
Arrests:	90 (.19% of A)	7,499(.117%)
(B) 2.5% of total receivables(\$50 Million).		

Additional Information:

Amnesty Requirements -

- 1 Court for Warrant Processing
- 1 Room for Payment Processing
- 1 Judge (3 Months)
- 1 Staff Attorney (4 months)
- 9 Court Clerks (2 months)
- 1 Security Guard (1 month)
- 4 Court Marshals (1 Year)
- 2 "Phone Bank" Operators (2 Months)
- Mailing
 - Permit @\$0.248 + \$0.015 if no zip
 - Labor: \$4-5,000
 - 12-15% Response
 - 50% Not Deliverable

TABLE V. VIRGINIA VS. OUT-OF-STATE RECEIVABLES *
(CAIS AS OF 6/15/92)

VIRGINIA:	\$58,401,623.25 (71.3%)
OUT-OF-STATE:	23,482,794.42 (28.7%)
TOTAL STATE IDENTIFIED:	81,884,427.67 (100%)

* CASES WITH NO STATE IDENTIFICATION EXCLUDED (\$11,098,819.62)

LITERARY RESOURCES

1. Day Fines in American Courts. U.S. Department of Justice, (April, 1992) p.1
2. **Report on Unpaid Fines, Court Costs, and Restitution in District and Circuit Courts of the Commonwealth** (Department of Planning and Budget, 1987)
3. **Virginia State of the Judiciary Report 1991, (Supreme Court of Virginia, 1992) and Tax Set- Off Report (11/18/92)**
4. **Judicial Collection Enhancement Fund Grant Amnesty Plan (Arizona Supreme Court, 1991)**
5. **"Court offering amnesty before crackdown on fines" (Columbus Ledger/Enquirer, January 29, 1992)**
6. **"Fine Amnesty: Taking the Low Road" (The Court Manager, Spring 1992)**
7. **"Court gives guides to amnesty program" (The Bench Press, February/March 1992)**
8. **Tax Amnesty Manual (Commonwealth of Virginia Department of Taxation, January 1990)**
9. **"Using Civil and Administrative Remedies to Collect Fines and Fees" (State Court Journal, Spring, 1992)**