**FEE POLICY**

*This policy template provides the fundamental elements of a user fee policy. You should customize this policy to fit the needs of your government, including adding details to cover issues specific to important fees that your government charges. Also, consider periodically reviewing your policies. For example, you might review policies once per year to assure you are in compliance with your policies.*

# **Why a Fee Policy Is Important**

User fees support [name of your government]’s ability to provide services to the public. A user fee policy helps make sure that fees are fair and equitable. Fees support [name of your govt]’s ability to provide services to the public. Fees raise revenue to cover the cost of providing a service. Different public services have different characteristics that effect [name of your govt]’s ability to charge fees in fair, equitable, and cost-effective manner. [name of your govt] shall follow all applicable state laws governing fees and a local fee policy provides additional guidance to make sure [name of your govt]’s system of fees is fair, equitable, and cost-effective.

# **Criteria for Charging a Fee and Cost Recovery Goals**

Not all public services are a good fit with a fee-for-service approach. For some services that do fit a fee-for-service approach, there may be a case for collecting less than the full cost of providing the service.

Staff shall develop and recommend to the [name of governing board] the public services that will have user fees and the cost recovery goals for these public services.

Staff shall recommend fees and cost recovery goals based on characteristics of the service. Characteristics that suggest a fee is appropriate and where higher cost recovery may be justified include:

**Customer receives all or most of the value from the service.** Public services often benefit the entire community and the individual receiving the service. In cases where all or most of the value of a public service goes to the individual, greater cost recovery should be the goal.

**Similar to private sector service.** [Name of your government] should not fund public services that are similar to services available from the private sector.

**[Name of your government] needs to limit demand.** If the charge is too low, people may use too much.

**The service is regulatory.** Some private activities are regulated by [name of your government]. Individuals who undertake those activities should pay the cost of the regulation.

Characteristics that suggest lower cost recovery goals include:

**Difficult collection.** It may not be practical to charge a fee. If so, collection would cost more than it would bring in revenue.

**Emergency service.** The service is provided in an emergency and not planned by the user.

**Creates the wrong incentives.** If a fee is too high, it might discourage people from using a service or following a regulation.

Here are examples of services with high-cost recovery goals: [You may insert services you’d like to establish as high-cost recovery. Examples might be municipal utilities and building permits].

# **Collection Practices**

**Cost of Collection.** Staff shall consider the cost of collection when administering fees. Cost of collection includes the billing system plus the cost to apply any penalties and the effort required to collect past due amounts. If the cost of collection for any fee is out of proportion with other fees, the staff shall investigate options for reducing the cost of collection. This could include, but is not limited to, reducing the amount of the fee in order to make it easier for people to pay it or changing collection practices.

**Delinquencies**. If payment for a fee is not received by the due date, a delinquent notice shall be mailed within 30 days after the due date by [name the department responsible]. The delinquent notice shall request immediate payment and shall make the recipient aware of the option for payment plans.

The finance director or designee may arrange payment plans with debtors. Payment plans may be arranged on a weekly, bi-weekly, or monthly basis depending on the type of debt and amount involved. A formal letter shall be written to provide a payment schedule for the debtor, including a statement that renders the arrangement null and void if payments are not made as agreed. If allowed by state stature, the finance director or designee may agree to adjust the amount due if the debtor can demonstrate hardship that prevents payment of the full amount.

Those invoices that remain unpaid and where no payment plan has been established after 60 days may be subject to penalties and interest as defined by the current ordinances or schedules establishing the fee. A final notice requesting payment will be prepared and mailed to the responsible party.

If still outstanding 90 days past the due date, the outstanding debt may be referred to a collections agency. If debt is to be referred to a collection agency, staff will take steps to ensure that the methods used by the collection agency represent [insert name of government] well and don’t inflict long-term harm to the debtor out of proportion to the size of the debt.

**Write-off of Uncollectable Receivables.** In some cases, it might be appropriate to recommend write-offs of past due amounts. Acceptable reasons might include:

* **Discharged Bankruptcy.** The account has been discharged through bankruptcy court and the file has been noted with the date filed, number, court district, and date of discharge.
* **Wrong Responsible Party.** The account was referred in the name of a company or individual that cannot be held liable for the debt.
* **Deceased**. Debtor is deceased with no estate.
* **Invalid Referral**. The account was assigned in error. A billing should not have been generated.
* **No Judgment**. The debt could not be substantiated in court.
* **Uncollectable**. The statute of limitations has run out (usually three to four years) without payment or promise of payment since the last transaction date.
* **Amount Doesn’t Warrant Further Effort.** No response to demand for payment. Further pursuit would not be cost effective.

# **Review of Fees**

Fees will be regularly reviewed and updated by the department responsible for administering the fee, working in conjunction with the finance department. This will ensure that fees keep pace with changes in the cost of providing a service

A comprehensive analysis of a service’s costs, the level of service provided, the means by which it is provided, and the fees charged should be made at least every five years. This should result in a recommendation to the [name of governing board] for any changes to the fee structure.

In the interim, each year the Finance Director and the department that administers the fee in question shall recommend to the [name of governing board] any adjustments to fees that may be necessary to keep up with known cost increases or that may be need for the service to meet its cost recovery goals.

# **Use of Fee Revenue**

The revenues from fees should be used to offset the cost of providing the service that generated the fee. The revenues should not be used to support unrelated services.

**Policy Adopted on:** [insert date]

**Policy Last Reviewed on:** [insert date]

**FINES POLICY**

*This policy template provides the fundamental elements of a fine policy. You should customize this policy to fit the needs of your government, including adding details to cover issues specific to important fines that your government charges. Also, consider periodically reviewing your policies. For example, you might review policies once per year to assure you are in compliance with your policies.*

# **Why a Fines Policy Is Important**

Fines provide a disincentive for a person to engage in illegal or undesirable behavior. However, fines can also have unintended consequences and may not always be cost-effective. [name of your govt] shall follow all applicable state laws governing fines and a local fee policy provides additional guidance to make sure [name of your govt]’s system of fines are effective for their intended purpose, cost-effective, and do not have additional consequences outside of their intent.

# **Criteria for Applying a Fine**

Fines are not appropriate in all circumstances. The criteria below suggest circumstances when a fine may not be an appropriate tool.

* The violator is already being subjected to other penalties, especially where that penalty has financial consequences for the violator.
* The fine or potential for a fine may discourage the violator from using critical public services. This is important where the public is better served when the public service is used.
* The fine is an ineffective disincentive and government effort would be better spent on more effective ways to address the underlying problem.
* The fine is unlikely to be collectable for an acceptable cost.

# **Collection Practices**

The collection practices and policies for fines shall be substantively similar to the policy for user fees, including the availability of payment plans and making accommodations for hardship.

# **Use of Fine Revenue**

The goal of fines should not be to raise revenue. Therefore, the budget of the organizational unit that assesses or collects a fine shall not be set in relation to expected fine revenue. Also, the organizational unit that generates the fine should not realize financial benefit from assessing a greater number of fines. To the extent possible, revenue generated from fines shall be considered a general revenue. In cases where the revenue from fines can be only be used for certain legally prescribed purposes, that revenue will still participate in the normal budget process to ensure it is put towards its highest and best allowable use.

# **Review of Fines**

Fines will be regularly reviewed and updated by the department responsible for administering the fine, working in conjunction with the finance department. The review should be used to ensure the fine remains consistent with this policy. A review should take place at least every five years. This should result in a recommendation to the [name of governing board] for any changes to the fine structure.

In the interim, each year the Finance Director and the department that administers the fine in question shall recommend to the [name of governing board] any adjustments to fines that may be necessary to keep the fine consistent with the goals of this policy.

**Policy Adopted on:** [insert date]

**Policy Last Reviewed on:** [insert date]

**ASSET FORFEITURE POLICY**

*This policy template provides the fundamental elements of an asset forfeiture policy. You should customize this policy to fit the needs of your government. Also, consider periodically reviewing your policies. For example, you might review policies once per year to assure you are in compliance with your policies.*

# **Why an Asset Forfeiture Policy Is Important**

Asset forfeiture is a tool for enforcing laws. [name of your govt] shall follow all applicable laws governing asset forfeiture. This policy provides additional guidance to make sure [name of your govt]’s use of asset forfeiture is fair and equitable.

# **State Law and Asset Forfeiture**

In all cases, [name of government] will follow state laws that govern asset forfeiture. However, [name of government] also recognizes that state law constitutes a minimum standard. This policy prescribes additional standards above and beyond state law that [name of government] is committing itself to follow.

# **Additional Standards for Asset Forfeiture**

[name of government] and its staff will observe the following standards for engaging in asset seizures.

* Assets seized will be held in escrow until the outcome of a formal legal judgment (e.g. conviction in a criminal case). If the defendant is found innocent, assets will be returned. In no case shall assets be held longer than one year.
* Assets will not be seized for any crime less serious than a felony.
* Assets that are the legal property of someone other than the person being charged with the crime may not be seized.
* The defendant must have counsel (appointed or private) in all forfeiture cases.
* The specific assets seized must have direct connection to the crime the defendant is accused of.

# **Use of Proceeds from Asset Forfeitures**

Foremost, the potential for revenue should never compromise the effective investigation of criminal offenses, officer safety or any person’s due process rights.

The budgets of the organizational unit that seizes an asset shall not be set in relation to expected asset seizures. Also, the organizational unit that seizes assets should not realize financial benefit from seizing more assets. To the extent possible, revenue asset seizure shall be considered a general revenue. In cases where the revenue from seizures can be only be used for certain legally prescribed purposes, that revenue will still participate in the normal budget process to ensure it is put towards its highest and best allowable use.

**Policy Adopted on:** [insert date]

**Policy Last Reviewed on:** [insert date]