

# Economic Impact Statement

Montgomery County, Maryland

## Bill 4-24

## Community Reinvestment and Repair Fund Commission – Established

### SUMMARY

The Office of Legislative Oversight (OLO) anticipates that enacting Bill 4-24 would have no direct impact on economic conditions in the County in terms of the Council's priority indicators.

### BACKGROUND AND PURPOSE OF BILL 4-24

In Maryland, 35% of the revenues from the sales and use tax on adult-use cannabis sale is allocated to the Community Reinvestment and Repair Fund (CRRF).<sup>1</sup> The CRRF provides funding to local jurisdictions in the state to support community-based initiatives that help low-income communities and communities that have been disproportionately impacted by the enforcement of cannabis prohibition as part of the "war on drugs."<sup>2</sup> Maryland state law requires local jurisdictions to adopt a law specifying the uses for which funds from the CRRF will be used in the County.<sup>3</sup>

Bill 4-24 would implement the state mandate by specifying the use of funds from the CRRF. If enacted, the CRRF funds would be used for the following:

- community-based initiatives intended to benefit low-income communities;
- community-based initiatives that serve disproportionately impacted areas;
- any other use permitted under § 1-322 of the Alcohol Beverages and Cannabis Article of the Maryland Code, as amended; and
- related administrative expenses.<sup>4</sup>

Bill 4-24 would also establish a Montgomery County Community Reinvestment and Repair Fund Commission. The Commission would work with the Office of Grants Management to develop a grant application process and recommend non-profit organizations to receive grant awards funded by the County's CRRF. The Commission may also provide recommendations to the Council and County Executive regarding:

- existing or potential County programs related to community-based initiatives intended to benefit low-income communities or to serve disproportionately impacted areas;

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<sup>1</sup> "Community Reinvestment and Repair Fund Survey Results Report."

<sup>2</sup> "Community Reinvestment and Repair Fund Survey Results Report."

<sup>3</sup> "Introduction Staff Report for Bill 4-24."

<sup>4</sup> "Introduction Staff Report for Bill 4-24."

- existing or potential County programs to repair damage done to communities that have been the most impacted by disproportionate enforcement of the cannabis prohibition before July 1, 2022; and
- changes to County law or regulation related to community-based initiatives or reparations intended to benefit low-income communities or to serve disproportionately impacted areas.<sup>5</sup>

The Commission would be staffed by the Department of Health and Human Services (DHHS) and consist of 13 voting members and 1 non-voting ex-officio member. The Director of DHHS would serve as the non-voting ex-officio member of the Commission. The voting members, appointed by the County Executive and confirmed by the Council, must include 11 County residents with demonstrated knowledge of one or more of the following, as stated in the Bill:

- the history of the resistance of people of African descent to White supremacy, enslavement, Jim Crow laws, and other examples of racial violence and discrimination;
- the history of the resistance of racial, ethnic, and other minority groups against discrimination, violence, and inequality;
- the needs of individuals returning to the community after incarceration;
- the impact of the disproportionate enforcement of drug laws on the quality of life experienced by racial and ethnic minorities, especially people of African descent; and/or
- methods for delivering community investment that empower marginalized people to have a voice in the distribution of resources.

The voting members must also include at least 1 member who represents a service provider for incarcerated persons or persons with a criminal record and at least 1 member who was incarcerated or has a criminal history.<sup>6</sup> All voting members of the Commission would receive a \$1,000 annual stipend.

The Council introduced Bill 4-24, Community Reinvestment and Repair Fund Commission – Established, on February 13, 2024.<sup>7</sup>

## INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess the impacts of Bill 4-24 on County-based private organizations and residents in terms of the Council's priority economic indicators and whether the Bill would likely result in a net positive or negative impact on overall economic conditions in the County.<sup>8</sup> As previously described, the Bill would create a Commission that would work with the Office of Grants Management to develop a grant application process and recommend non-profit organizations to receive grant awards funded by the County's CRRF. By providing recommendations, the Commission could have *indirect* effects<sup>9</sup> on the Council's

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<sup>5</sup> "Introduction Staff Report for Bill 4-24."

<sup>6</sup> "Introduction Staff Report for Bill 4-24."

<sup>7</sup> "Introduction Staff Report for Bill 4-24."

<sup>8</sup> Montgomery County Code, Sec. 2-81B.

<sup>9</sup> A direct causal effect is an effect on a variable that is not mediated by one or more variables.

priority indicators—in other words, effects on these indicators that are mediated by one or more variables like the Council’s or Executive’s willingness to adopt Commission recommendations. OLO cannot, however, predict the nature of the recommendations, nor the likelihood of their adoption. For this reason, OLO anticipates that the Bill would have no *direct* impact on private organizations, residents, and overall economic conditions in the County in terms of the Council’s priority indicators.

## VARIABLES

Not applicable

## IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Not applicable

## DISCUSSION ITEMS

Not applicable

## WORKS CITED

[“Community Reinvestment and Repair Fund Survey Results Report.”](#) Office of Social Equity, State of Maryland, December 15, 2023.

[“Introduction Staff Report for Bill 4-24, Community Reinvestment and Repair Fund Commission – Established.”](#) Montgomery County Council, February 13, 2024.

## CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO’s endorsement of, or objection to, the Bill under consideration.

## CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.