

# Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

## BILL 4-24: COMMUNITY REINVESTMENT AND REPAIR FUND COMMISSION – ESTABLISHED

### SUMMARY

OLO anticipates Bill 4-24 will have a positive impact on RESJ in the County. Black and Latinx community members will disproportionately benefit from services funded by the Community Reinvestment and Repair Fund (CRRF). Further, prioritizing CRRF spending on communities most impacted by the War on Drugs can help address individual and community-level disparities for BIPOC driven by racial inequities in mass incarceration. OLO evaluates Bill 4-24 to be an equitable policy through its prioritization of RESJ.

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### PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of RESJ impact statements (RESJIS) is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs, leadership, and power of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.<sup>1</sup> Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social harms that have caused racial and social inequities.<sup>2</sup>

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### PURPOSE OF BILL 4-24

In Maryland, 35 percent of revenues from the sales and use tax on adult-use cannabis sale is allocated to the Community Reinvestment and Repair Fund (CRRF).<sup>3</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>4</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>5</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:<sup>6</sup>

- 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.

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:<sup>7</sup>

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

The Commission would be staffed by the Department of Health and Human Services (DHHS) and consist of 13 voting members and one 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:<sup>8</sup>

- 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 one member who represents a service provider for incarcerated persons or persons with a criminal record and at least one member who was incarcerated or has a criminal history. All voting members of the Commission would receive a \$1,000 annual stipend.<sup>9</sup>

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

In June 2021, OLO published a RESJIS for Bill 18-21, Police – Internal Affairs – Procedures and Reporting Requirements.<sup>10</sup> Please refer to this RESJIS for background on mass incarceration and racial inequities in criminal justice.

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### ANTICIPATED RESJ IMPACTS

Bill 4-24 takes a necessary step for the County to spend CRRF funds on community-based initiatives that benefit low-income communities and/or that serve disproportionately impacted areas as defined by state law. Through creating the Community Reinvestment and Repair Fund Commission, the Bill also creates a structure for the County to determine how CRRF funds will be allocated to qualifying non-profit organizations.

To consider the anticipated impact of Bill 4-24 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who are the primary beneficiaries of this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

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**For the first question,** OLO considered the demographics of low income community members and community members living in disproportionately impacted areas, since they will benefit from services funded by the CRRF.

Low-income community members. Census estimates suggest that Black and Latinx people are overrepresented among low-income community members. Table 1 summarizes the median household income and percent of people living below the poverty level by race and ethnicity in the County. These estimates suggest that, locally, the median household income of Black and Latinx households are more than \$30,000 less than the County median. Further, Black and Latinx community members have poverty rates nearly three times the poverty rate of White community members.

**Table 1: Poverty Rates and Median Household Income by Race and Ethnicity, Montgomery County<sup>11</sup>**

Race and ethnicity	Median Household Income	Poverty Rates
County	\$125,583	7.2
Asian	\$138,040	6.8
Black	\$89,022	11.6
Native American	\$98,313	11.2
Pacific Islander	\$139,396	3.7
White	\$151,572	4.1
Latinx	\$90,657	10.5

Source: Table S1903 & S1701, 2022 American Community Survey 5-Year Estimates, Census Bureau.

Community members living in disproportionately impacted areas. State law defines a disproportionately impacted area as “a geographic area identified by the Office of Social Equity that has had above 150% of the State’s 10-year average for cannabis possession charges.”<sup>12</sup> The Office of Social Equity identified five zip codes in the County as disproportionately impacted areas: 20874, 20877, 20902, 20904, and 20906. Table 2 summarizes the racial and ethnic demographics of community members living in these five zip codes. The data demonstrates that Black people are overrepresented in three of the five zip codes and Latinx people are overrepresented in four of the five zip codes. Conversely, White people are underrepresented in all five zip codes.

**Table 2: Percent of Community Members by Race and Ethnicity in Disproportionately Impacted Areas**

Race and ethnicity	ZCTA 20874	ZCTA 20877	ZCTA 20902	ZCTA 20904	ZCTA 20906	County
Asian	17.5	16.1	7.8	11.7	11.5	15.3
Black	23.4	18.5	17.9	50.0	23.8	18.5
Native American	0.2	0.5	0.8	0.5	0.3	0.4
Pacific Islander	0.0	0.3	0.0	0.0	0.0	0.0
White	36.8	28.6	37.5	24.7	31.2	46.6
Latinx	25.5	43.5	39.2	14.5	33.1	20.0

Source: Table DP05, 2022 American Community Survey 5-Year Estimates, Census Bureau.

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**For the second question**, OLO considered how Bill 4-24 could address racial inequities and disparities driven by the War on Drugs. As described in the RESJIS for Bill 18-21, the “War on Drugs increased the number of people in the criminal justice system and exacerbated racial inequities in the system,” causing the disproportionate entry of Black and Latinx people into the criminal justice system.<sup>13</sup> Mass incarceration has far-reaching consequences for BIPOC– from “denied employment, housing, education, and public benefits”<sup>14</sup> for individuals returning from incarceration to “destructive effects...felt in the lives of children,...family functioning, mental and physical health, labor markets, and economic and political infrastructures” in communities with high rates of incarceration.<sup>15</sup>

Bill 4-24 will allow the County to spend CRRF funds on community-based initiatives that support communities most impacted by the War on Drugs. Further, requiring members of the Community Reinvestment and Repair Fund Commission to understand systemic racism, the racially disparate impact of drug enforcement, the needs of returning citizens, and/or equitable community engagement can help ensure that a RESJ lens will be applied to funding recommendations for the CRRF.

OLO anticipates Bill 4-24 will have a positive impact on RESJ in the County. Black and Latinx community members will disproportionately benefit from services funded by the CRRF. Further, prioritizing CRRF spending on communities most impacted by the War on Drugs can help address individual and community-level disparities for BIPOC driven by racial inequities in mass incarceration. OLO evaluates Bill 4-24 to be an equitable policy through its prioritization of RESJ.

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## RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.<sup>16</sup> OLO anticipates Bill 4-24 will have a positive impact on RESJ in the County. As such, OLO does not offer recommended amendments.

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## CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than 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.

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<sup>1</sup> Definition of racial equity and social justice adopted from “Applying a Racial Equity Lens into Federal Nutrition Programs” by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools. <https://www.racialequitytools.org/glossary>

<sup>2</sup> Ibid.

<sup>3</sup> [“Community Reinvestment and Repair Fund Survey Results Report,”](#) Maryland Office of Social Equity, December 15, 2023.

<sup>4</sup> Ibid.

<sup>5</sup> [Introduction Staff Report for Bill 4-24](#), Montgomery County Council, February 13, 2024.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

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<sup>8</sup> Bill 4-24, Introduction Staff Report for Bill 4-24

<sup>9</sup> Introduction Staff Report for Bill 4-24

<sup>10</sup> [RESJ Impact Statement for Bill 18-21](#), Office of Legislative Oversight, June 11, 2021.

<sup>11</sup> Latinx people are included in multiple racial groups for data points throughout this impact statement unless where otherwise noted.

<sup>12</sup> Maryland Code, [Alcoholic Beverages and Cannabis Article §36–101](#)

<sup>13</sup> RESJ Impact Statement for Bill 18-21

<sup>14</sup> Ibid.

<sup>15</sup> Todd R. Clear, [The Effects of High Imprisonment Rates on Communities](#), Crime and Justice, 2008, pg. 102.

<sup>16</sup> Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council