

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 6-24: PROPERTY TAX CREDIT – DISABLED VETERANS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 6-24 will have a negative impact on racial equity and social justice (RESJ) in the County as it would disproportionately benefit White homeowners. OLO offers one policy option for Council consideration.

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.¹ Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social inequities that have caused racial and social disparities.²

PURPOSE OF BILL 6-24

Under Section 9-625 of the Tax-Property Article of the Maryland Code, counties are authorized to establish a new property tax credit for severely disabled, honorably discharged veterans of limited income.³

The goal of Bill 6-24 is to “lighten the property tax burden” for disabled veterans and their families.⁴ The Bill would do so by establishing the property tax credit for disabled veterans authorized under state law. If enacted, individuals who own homes would be eligible to receive a property tax credit if they are “an honorably discharged veteran who is at least 50 percent disabled, as certified by the U.S. Department of Veterans Affairs, and whose federal adjusted gross income does not exceed \$100,000.”⁵ The amount of the credit would be:⁶

- 50% of the County property tax imposed on the dwelling house if the disabled veteran’s service-connected disability rating is at least 75% but not more than 99%; or
- 25% of the County property tax imposed on the dwelling house if the disabled veteran’s service-connected disability rating is at least 50% but not more than 74%.

The property tax credit would be granted each year the individual remains eligible. In addition, the Bill would require the County to grant the same credit amount to the surviving spouse of a deceased disabled veteran.⁷

The Council introduced Bill 6-24, Property Tax Credit – Disabled Veterans, on March 5, 2024.

In June 2022, OLO published a RESJIS for Expedited Bill 9-22, Property Tax Credit – Elderly Individuals and Retired Military Services Members – Amendments. This RESJIS builds on the RESJIS for Expedited Bill 9-22.

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MILITARY SERVICE AND RACIAL EQUITY

Black, Indigenous, and Other People of Color (BIPOC) have an extensive history of military service in the United States. The *Historical Overview of Racism in the Military* report from the Department of Defense (DOD) provides a brief overview of how BIPOC have contributed to every major American conflict dating back to the colonial period.⁸ Despite their heroic contributions, BIPOC service members have been subjected to racism throughout the history of the armed forces.⁹ As described by the Department of Justice, throughout much of history, the military service of Black people in particular “has been marked by bigotry, discrimination, segregation, and sometimes even violence.”¹⁰

The history of BIPOC in the military is also marked by exclusion from the recognition and privileges afforded to White veterans for their military service. For instance, the GI Bill intended to distribute “benefits in education, homeownership, and unemployment fairly and equally for all veterans.”¹¹ However, Black veterans faced significant discrimination in securing GI Bill benefits after returning home from World War II.¹² The impact of this exclusion has been felt across generations. A recent study from Brandeis University found that today, the descendants of White WWII veterans hold on average 32 times the wealth of descendants of Black veterans.^{13,14} This racial wealth gap largely shut out Black veterans and their descendants from the generational benefits of “stable, secure housing, college education, and more” the GI Bill created for White veterans and “their children, grandchildren, and great-grandchildren.”¹⁵

While the military has been desegregated for over 75 years, racial inequities persist today, with BIPOC service members experiencing harassment, lack of advancement into leadership positions, and unequal discipline, among other forms of discrimination.^{16, 17} For instance, while Black, Latinx, and Asian people account for 44 percent of all active-duty members, they only account for 25 percent of active-duty officers across all service branches.¹⁸ Further, a recent study by the U.S. Government Accountability Office (GAO) of Department of Veterans Affairs (VA) claims over a ten-year period found notable racial disparities among veterans applying for VA benefits. At 61 percent, Black veterans had the lowest overall approval rates for VA claims, compared to 75 percent for White veterans.¹⁹

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 6-24 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?

To answer these questions, OLO considered the demographics of veterans and homeowners in the County. Census estimates in Table 1 suggest White people are overrepresented among veterans in the County. While White people account for 49 percent of adult constituents, they account for 65 percent of veterans. Black, Native American, and Pacific Islander people are proportionately represented among veterans, while Latinx and Asian people are underrepresented.

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Table 1: Percent of Veterans by Race and Ethnicity, Montgomery County, Maryland²⁰

Race/Ethnicity	Percent of Veterans	Percent of All Constituents 18 and Over
Asian	5.9	16.1
Black	19.0	18.2
Native American	0.3	0.4
Pacific Islander	0.0	0.1
White	65.3	48.9
Latinx	9.2	18.1

Source: Table S2101, 2022 American Community Survey 5-Year Estimates, Census Bureau.

Census estimates in Table 2 suggest White and Asian people are more likely to be homeowners in the County. While 66 percent of households in the County are owner-occupied, 75 percent of White and 77 percent of Asian households are owner-occupied. Conversely, only 46 percent of Black and 52 percent of Latinx households are owner-occupied.

Table 2: Homeownership Rate by Race and Ethnicity, Montgomery County, Maryland²¹

Race/Ethnicity	Homeownership Rate
Overall	65.8
Asian	76.6
Black	45.8
White	74.7
Latinx	52.0

Source: Table S0201, 2022 American Community Survey 1-Year Estimates, Census Bureau.

Of note, VA data at the national level suggests White veterans are less likely to have a severe service-connected disability. Nationally, 32 percent of White veterans have a service-connected disability rating of 50 percent or more, compared to 51 percent of Asian veterans and 43 percent of Latinx and Black veterans.²²

OLO anticipates Bill 6-24 will have a negative impact on RESJ in the County. While national data suggests that BIPOC are more likely to have a severe service-connected disability, the demographics of veterans and homeowners locally suggests White people would disproportionately benefit from the proposed property tax credit for disabled veterans.

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.²³ OLO anticipates Bill 6-24 will have a negative impact on RESJ in the County. Should the Council seek to improve the RESJ impact of this Bill, OLO offers one policy option for consideration:

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- **Establish a tax credit or other financial incentive for severely disabled veterans who rent their homes.** Black and Latinx community members are more likely to rent their homes – while 34 percent of households in the County are renter-occupied, 54 percent of Black households and 48 percent of Latinx households are renter occupied.²⁴ Census estimates on community members who are cost-burdened – or spending 30 percent or more of their income on housing payments – also suggests the need for housing-related financial assistance is highest among renters. While 26 percent of homeowners in the County are cost-burdened, 52 percent of renters are cost-burdened.²⁵ Further, Black and Latinx renters experience the highest rates of cost-burden in the County at 59 percent and 56 percent, compared to 47 percent and 42 percent for White and Asian renters.²⁶ Establishing a tax credit or other financial incentive for severely disabled veterans who are renters will ensure that severely disabled BIPOC veterans equitably benefit from this incentive.

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.

¹ 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>

² Ibid.

³ [Maryland Code, Tax-Property § 9-265](#)

⁴ [“Councilmember Natali Fani-González to Introduce Bill to Reduce Property Taxes for Veterans with Severe Disabilities,”](#) Montgomery County Council, March 4, 2024.

⁵ [Introduction Staff Report for Bill 6-24](#), Montgomery County Council, Introduced March 5, 2024.

⁶ Ibid.

⁷ Ibid.

⁸ Schuyler C. Webb and William J. Herrmann, [“Historical Overview of Racism in the Military,”](#) Defense Equal Opportunity Management Institute, February 2002.

⁹ Ibid.

¹⁰ Kristen Clarke, [“75th Anniversary of the Racial Integration of the Armed Forces,”](#) Office of Public Affairs, Department of Justice, July 31, 2023.

¹¹ [“Not All WWII Veterans Benefited Equally from the GI Bill,”](#) The Heller School for Social Policy and Management, Brandeis University, November 7, 2023.

¹² Ibid.

¹³ Ibid.

¹⁴ Tatjana Meschede, et. al., [IERE Research Brief: Final Report from our GI Bill Study](#), The Heller School for Social Policy and Management, Brandeis University, December 2022, pg. 11.

¹⁵ “Not All WWII Veterans Benefited Equally from the GI Bill”

¹⁶ Kat Stafford, et. al., [“Deep-rooted Racism, Discrimination Permeate US Military,”](#) Associated Press, May 27, 2021.

¹⁷ Daniel Lam, [“They Faced Racial Bias in Military Discipline. That Can Impact National Security,”](#) NPR, September 14, 2021.

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¹⁸ Chapter 2: Active-Duty Members, [2022 Demographics: Interactive Profile of the Military Community](#), Military OneSource, Department of Defense.

¹⁹ [VA Disability Benefits: Actions Needed to Further Examine Racial and Ethnic Disparities in Compensation](#), U.S. Government Accountability Office, July 26, 2023.

²⁰ Latinx people are included in other racial groups in Tables 1 and 2.

²¹ Estimates for Native American and Pacific Islander constituents are not available for this data point.

²² [National Veteran Health Equity Report 2021](#), Veterans Health Administration, U.S. Department of Veterans Affairs, September 2022, pg. 13.

²³ Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council

²⁴ [Table S0201: Selected Population Profile in the United States](#), 2022 American Community Survey 1-Year Estimates, Census Bureau.

²⁵ Ibid.

²⁶ Ibid.