



**Committee:** GO  
**Committee Review:** At a future date  
**Staff:** Christine Wellons, Senior Legislative Attorney  
**Purpose:** To receive testimony – no vote expected  
**Keywords:** #CommunityReinvestment

AGENDA ITEM #8  
March 5, 2024  
**Public Hearing**

## SUBJECT

Bill 4-24, Community Reinvestment and Repair Fund Commission – Established

Lead Sponsors: Councilmembers Mink, Sayles, and Jawando

Co-Sponsor: Council President Friedson, Councilmembers Katz, Fani-González, and Albornoz,  
Council Vice-President Stewart, and Councilmember Glass

## EXPECTED ATTENDEES

Members of the public

## COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A; to receive testimony

## DESCRIPTION/ISSUE

Bill 4-24 would:

- (1) establish a Montgomery County Community Reinvestment and Repair Fund Commission;
- (2) prescribe the membership and duties of the Commission;
- (3) provide for the staffing of the Commission;
- (4) specify the purposes for which funds received from the State Community Reinvestment and Repair Fund may be used; and
- (5) generally amend the law regarding the distribution and use of funds disbursed to the County from the State Community Reinvestment and Repair Fund.

## SUMMARY OF KEY DISCUSSION POINTS

- N/A

## This report contains:

Staff Report	Pages 1-2
Bill 4-24	© 1
Md. Code Ann., Alcoholic Beverages and Cannabis Article, § 1-322	© 7
Climate Assessment	© 10
Economic Impact Statement	© 14

Racial Equity & Social Justice (RESJ) Impact Statement (Unavailable at time of publication)  
The RESJ will be published by the Office of Legislative Oversight [here](#).

The Fiscal Impact Statement was also unavailable at the time of publication.

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**MEMORANDUM**

February 29, 2024

TO: County Council

FROM: Christine Wellons, Senior Legislative Attorney

SUBJECT: Bill 4-24, Community Reinvestment and Repair Fund Commission – Established

PURPOSE: Public Hearing

Bill 4-24, Community Reinvestment and Repair Fund Commission – Established, sponsored by Lead Sponsors Councilmembers Mink, Sayles, and Jawando and Co-Sponsors Council President Friedson, Councilmembers Katz, Fani-González, and Albornoz, Council Vice-President Stewart, and Councilmember Glass, was introduced on February 13, 2024. A public hearing is scheduled for March 5, 2024 at 1:30 p.m. and a Government Operations and Fiscal Policy Committee worksession will be scheduled at a later date.

Bill 4-24 would:

- (1) establish a Montgomery County Community Reinvestment and Repair Fund Commission;
- (2) prescribe the membership and duties of the Commission;
- (3) provide for the staffing of the Commission;
- (4) specify the purposes for which funds received from the State Community Reinvestment and Repair Fund may be used; and
- (5) generally amend the law regarding the distribution and use of funds disbursed to the County from the State Community Reinvestment and Repair Fund.

**BACKGROUND**

Under Maryland state law (© 7), the County is required to adopt a law specifying the uses for which State Community Reinvestment and Repair Funds may be used in the County. The purpose of Bill 4-24 is, in part, to fulfill this state mandate. The bill also would establish a Commission in the County to advise the County on uses of the Fund, and to recommend community-based grants.

**BILL SPECIFICS**

Consistent with State law, Bill 4-24 would limit uses of funds received from the State Community Reinvestment and Repair Funds to:

- 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.

The bill would create a Montgomery County Community Reinvestment and Repair Fund Commission. The Commission would recommend to the Office of Grants Management grants to non-profit organizations for community-based initiatives. In addition, the Commission would recommend to the Council and County Executive:

- 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 consist of 13 voting members and 1 non-voting ex-officio member. The members would include:

- 11 County residents;
- 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.

The Director of the Department of Health and Human Services (DHHS) would be an ex-officio member of the Commission, and DHHS would staff the Commission. Members other than the DHHS Director would receive a \$1,000 annual stipend.

<u>This packet contains:</u>	<u>Circle #</u>
Bill 4-24	1
Md. Code Ann., Alcoholic Beverages and Cannabis Article, § 1-322	7
Climate Assessment	10
Economic Impact Statement	14

Bill No. 4-24  
Concerning: Community Reinvestment  
and Repair Fund Commission –  
Established  
Revised: 2/8/24 Draft No. 5  
Introduced: February 13, 2024  
Expires: December 7, 2026  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Councilmembers Mink, Sayles, and Jawando  
Co-Sponsors: Council President Friedson, Councilmembers Katz, Fani-González, and Albornoz,  
Council Vice-President Stewart, and Councilmember Glass

**AN ACT** to:

- (1) establish a Montgomery County Community Reinvestment and Repair Fund Commission;
- (2) prescribe the membership and duties of the Commission;
- (3) provide for the staffing of the Commission;
- (4) specify the purposes for which funds received from the State Community Reinvestment and Repair Fund may be used; and
- (5) generally amend the law regarding the distribution and use of funds disbursed to the County from the State Community Reinvestment and Repair Fund.

By adding

Montgomery County Code  
Chapter 24. Health and Sanitation  
Article XI, Montgomery County Community Reinvestment and Repair Fund Commission  
Sections 24-77, 24-78, 24-79, 24-80, 24-81, 24-82, and 24-83

*The County Council for Montgomery County, Maryland approves the following Act:*

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
<b>[Single boldface brackets]</b>	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
<b>[[Double boldface brackets]]</b>	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

1           Sec. 1. Sections 24-77, 24-78, 24-79, 24-80, 24-81, 24-82, and 24-83 are  
2 added as follows:

3 **ARTICLE XI. MONTGOMERY COUNTY COMMUNITY REINVESTMENT**  
4 **AND REPAIR FUND COMMISSION.**

5 **24-77. Definitions.**

6           In this Article, the following terms have the meanings indicated.

7           Cannabis has the meaning stated in § 1-101 of the Alcoholic Beverages and  
8 Cannabis Article of the Maryland Code, as amended.

9           Commission means the Montgomery County Community Reinvestment and  
10 Repair Fund Commission established under this Article.

11           County reinvestment funds mean monies disbursed to the County from the  
12 State Fund.

13           Department means the Department of Health and Human Services.

14           Director means the Director of the Department, or a designee of the Director.

15           Disproportionately impacted area has the meaning stated in § 36-101 of the  
16 Alcoholic Beverages and Cannabis Article of the Maryland Code, as amended.

17           Non-profit organization means an entity operating in the County that is  
18 organized under Section 501(c)(3) of the federal Internal Revenue Code, as  
19 amended.

20           Office means the Office of Grants Management.

21           State Fund or Fund means the Community Reinvestment and Repair Fund of  
22 the State of Maryland.

23 **24-78. Use of funds.**

24           The County must use County reinvestment funds solely for:

- 25           (1) community-based initiatives intended to benefit low-income  
26 communities;

- 27       (2) community-based initiatives that serve disproportionately impacted
- 28           areas;
- 29       (3) any other use permitted under § 1-322 of the Alcohol Beverages and
- 30           Cannabis Article of the Maryland Code, as amended; and
- 31       (4) related administrative expenses.

32 **24-79. Commission Established.**

33       There is a Montgomery County Community Reinvestment and Repair Fund  
 34       Commission.

35 **24-80. Membership.**

- 36       (a) The Commission consists of 13 voting members and 1 non-voting ex-
- 37           officio member.
- 38       (b) The voting members are appointed by the County Executive, subject to
- 39           Council confirmation, and must include:
  - 40           (1) 11 County residents with demonstrated knowledge under
  - 41               subsection (d);
  - 42           (2) at least 1 member who represents a service provider for
  - 43               incarcerated persons or persons with a criminal record; and
  - 44           (3) at least 1 member who was incarcerated or has a criminal history.
- 45       (c) Ex-officio member. The Director is a non-voting, ex-officio member of
- 46           the Commission.
- 47       (d) Application. An individual wishing to serve on the Commission must
- 48           submit an application to the County Executive and the Council
- 49           describing the individual’s demonstrated knowledge of 1 or more of the
- 50           following:
  - 51           (1) the history of the resistance of people of African descent to white
  - 52               supremacy, enslavement, Jim Crow laws, and other examples of
  - 53               racial violence and discrimination;

- 54           (2)   the history of the resistance of racial, ethnic, and other minority
- 55                   groups against discrimination, violence, and inequality;
- 56           (3)   the needs of individuals returning to the community after
- 57                   incarceration;
- 58           (4)   the impact of the disproportionate enforcement of drug laws on
- 59                   the quality of life experienced by racial and ethnic minorities,
- 60                   especially people of African descent, including specialization in:
- 61                   (A)   the disruption of families;
- 62                   (B)   exposure to the prison system;
- 63                   (C)   trauma experienced as a result of community and police
- 64                           violence; or
- 65                   (D)   another similar factor contributing to quality of life; and
- 66           (5)   methods for delivering community investment that empower
- 67                   marginalized people to have a voice in the distribution of
- 68                   resources.

69   **24-81. Duties.**

- 70           (a)   The Office, after consultation with the Commission, must develop and
- 71                   administer a public process for non-profit organizations to apply for
- 72                   grants that support:
- 73                   (1)   community-based initiatives intended to benefit low-income
- 74                           communities; and
- 75                   (2)   community-based initiatives that serve disproportionately
- 76                           impacted areas.
- 77           (b)   The Commission annually must recommend to the Office grant awards
- 78                   to the selected non-profit organizations from County reinvestment
- 79                   funds, subject to:
- 80                   (1)   the appropriation of funds; and



81           (2)   the execution of grant agreements between the County and the  
 82                     awardees.

83           (c)   The Commission may submit to the County Executive and the County  
 84                     Council recommendations regarding:

85                     (1)   existing or potential County programs related to community-  
 86                             based initiatives intended to benefit low-income communities or  
 87                             to serve disproportionately impacted areas;

88                     (2)   existing or potential County programs to repair damage done to  
 89                             communities that have been the most impacted by  
 90                             disproportionate enforcement of the cannabis prohibition before  
 91                             July 1, 2022; and

92                     (3)   changes to County law or regulation related to community-based  
 93                             initiatives or reparations intended to benefit low-income  
 94                             communities or to serve disproportionately impacted areas.

95    **24-82. Meetings; officers; compensation.**

96                     (a)   Meetings.   The Commission must meet at the call of the Commission  
 97                             chair and at least 6 times annually.

98                     (b)   Quorum.    A majority of the voting members of the Commission  
 99                             constitutes a quorum for the transaction of business.

100                    (c)   Officers.   The Commission must elect from among its voting members a  
 101                             chair, vice-chair, and other officers it deems appropriate.

102                    (d)   Stipend and reimbursement.

103                             (1)   A member must receive a stipend of \$1,000 from the County,  
 104                                     subject to appropriation and the availability of County  
 105                                     reinvestment funds.

106                             (2)   A member may receive reimbursement for travel and dependent  
 107                                     care under Section 2-145.

108 **24-83. Role of the department.**

109 The Department must:

- 110 (1) provide the staff support, including administrative and  
 111 programmatic support, necessary for the Commission to perform  
 112 its duties; and  
 113 (2) monitor and administer the grants awarded under Section 24-81.

114 **24-84. Reporting.**

115 The Executive must provide to the Council a copy of each report submitted by  
 116 the County to the Maryland General Assembly under § 1-322 of the Alcoholic  
 117 Beverages and Cannabis Article of the Maryland Code, as amended.

118 **Sec. 2. Staggered terms.** The initial voting members appointed to the  
 119 Commission established under this Act must be staggered. Of the 13 voting  
 120 members, 4 must have initial terms of 1 year; 4 must have initial terms of 2 years;  
 121 and 5 must have initial terms of 3 years.

## [Md. Alcoholic Beverages Code Ann. § 1-322](#)

Current through all legislation from the 2023 Regular Session of the General Assembly; and including legislative changes ratified by the voters at the November 2022 election.

*Michie's™ Annotated Code of Maryland > Alcoholic Beverages and Cannabis (Divs. I — III) > Division I. General Provisions Affecting Multiple Jurisdictions. (Titles 1 — 8) > Title 1. Definitions; General Provisions. (Subts. 1 — 4) > Subtitle 3. Alcohol, Tobacco, and Cannabis Commission. (§§ 1-301 — 1-323)*

### § 1-322. Community Reinvestment and Repair Fund — Purpose — Administration — Funding — Uses — Investments — Reports on spending.

(a)

- (1) There is a Community Reinvestment and Repair Fund.
- (2) The purpose of the Fund is to provide funds to community-based organizations that serve communities determined by the Office of Social Equity, in consultation with the Office of the Attorney General, to have been the most impacted by disproportionate enforcement of the cannabis prohibition before July 1, 2022.
- (3) The Comptroller shall administer the Fund.
- (4)
  - (i) The Fund is a special, nonlapsing fund that is not subject to [§ 7-302 of the State Finance and Procurement Article](#).
  - (ii) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.
- (5) The Fund consists of:
  - (i) sales and use tax revenue distributed to the Fund under [§ 2-1302.2 of the Tax - General Article](#);
  - (ii) conversion fees paid by businesses under § 36-403 of this article; and
  - (iii) any other money from any other source accepted for the benefit of the Fund, in accordance with any conditions adopted by the Comptroller for the acceptance of donations or gifts to the Fund.
- (6)
  - (i) The Fund may be used only for:
    1. funding community-based initiatives intended to benefit low-income communities;
    2. funding community-based initiatives that serve disproportionately impacted areas, as defined in § 36-101 of this article; and
    3. any related administrative expenses.
  - (ii) Money may not be expended from the Fund for law enforcement agencies or activities.
  - (iii) Money expended from the Fund is supplemental to and may not supplant funding that otherwise would be appropriated for preexisting local government programs.
- (7) The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(8) No part of the Fund may revert or be credited to:

- (i) the General Fund of the State; or
- (ii) any other special fund of the State.

(9) The Comptroller shall pay out money from the Fund.

(10) The Fund is subject to audit by the Office of Legislative Audits as provided for in [§ 2-1220 of the State Government Article](#).

(b)

(1) Based on the percentage allocable to each county determined by the Office of Social Equity and reported by the Office to the Comptroller on or before July 31 each year, the Comptroller shall distribute funds from the Fund to each county in an amount that, for the period from July 1, 2002, to January 1, 2023, both inclusive, is proportionate to the total number of cannabis possession charges in the county compared to the total number of cannabis possession charges in the State.

(2)

(i) Subject to the limitations under subsection (a)(6) of this section, each county shall adopt a law establishing the purpose for which money received from the Fund may be used.

(ii) On or before December 1 every 2 years, beginning in 2024, each political subdivision that receives funds from the Fund under paragraph (1) of this subsection shall submit a report to the Governor and, in accordance with [§ 2-1257 of the State Government Article](#), the Senate Budget and Taxation Committee and the House Appropriations Committee on how funds received from the Fund were spent during the immediately preceding 2 fiscal years.

## History

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Renumbered from Md. Health-General Code Ann. § 13-4601 by [2023, chs. 254](#) and 255, § 3; ch. 254, § 5; ch. 255, § 5.

Annotations

## Notes

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### Effect of amendments. —

Acts 2023, ch. 254, § 5, effective May 3, 2023 and ch. 255, § 5, effective May 3, 2023, rewrote this section.

### Editor's note. —

Acts 2022, ch. 26, § 14 provides that “Sections 2, 3, 4, 5, 6, 7, and 8 of this Act are contingent on the passage of Chapter [45] (H.B. 1) of the Acts of the General Assembly of 2022, a constitutional amendment, and its ratification by the voters of the State.”

Acts 2022, ch. 26, § 17, provides that “subject to the provisions of Section 14 of this Act, Section 6 of this Act shall take effect July 1, 2023.”

Acts [2022, ch. 45](#), was ratified by the voters in the General Election held on November 8, 2022.

## Research References & Practice Aids

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**Hierarchy Notes:**

[Md. Alcoholic Beverages Code Ann](#)

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End of Document

# Climate Assessment

Office of Legislative Oversight

## Bill 4-24: Community Reinvestment and Repair Fund Commission - Established

### SUMMARY

The Office of Legislative Oversight (OLO) cannot anticipate Bill 4-24's impact on the County's contribution to addressing climate change as it is not possible to know if funding decisions made by the proposed commission would have an overall positive, negative, or neutral impact on the County's greenhouse gas emissions and community climate resilience.

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### 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;
- 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 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.<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>

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## ANTICIPATED IMPACTS

Community-based initiatives intended to benefit low-income communities and communities of color can lead to improved community climate resilience. Climate change and the resulting frequency and severity of extreme weather events, such as extreme heat and increased occurrences of natural disasters, have a disparate impact on Black, Indigenous, and People of Color due to historical disinvestment and a longstanding pattern of residential segregation.<sup>8</sup> This has led to aging infrastructure and the siting of toxic waste facilities in predominantly BIPOC and low-income communities.<sup>9</sup> Investing in communities of color and low-income communities can lessen these disparate impacts by improving housing infrastructure to better withstand extreme weather events and installing green infrastructure such as improved stormwater management in communities.<sup>10</sup>

After the passing of the Cannabis Reform Act of 2023 by the Maryland General Assembly, the Maryland Office of Social Equity (OSE) solicited public input on the use of funding through the CRRF. The survey found: (1) 74% of respondents expressed strong support for the revenue from the cannabis tax to be reinvested into

communities that have been disproportionately harmed by the war on drugs and (2) respondents top three preferences for allocating CRRF funds were mental health and substance abuse services, education and after-school programs, and housing and homelessness prevention, which the latter would likely positively impact community climate resilience.<sup>11</sup> Investments in housing and homelessness prevention, especially climate resilient housing that is designed to withstand increased extreme weather events, would increase community climate resilience.<sup>12</sup>

However, OLO cannot anticipate what community based initiatives will come about from the proposed commission, nor the impacts on the County's greenhouse gas emissions and community climate resilience from decisions made by the commission.

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## RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.<sup>13</sup> OLO does not offer recommendations or amendments as the impacts of Bill 4-24 upon the County's contribution to addressing climate change cannot be anticipated.

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## CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. 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.

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## PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptive capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.



## CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

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<sup>1</sup> ["Community Reinvestment and Repair Fund Survey Results Report"](#), Maryland Office of Social Equity, December 15, 2023.

<sup>2</sup> Ibid.

<sup>3</sup> ["Introduction Staff Report for Bill 4-24, Community Reinvestment and Repair Fund Commission – Established"](#), Montgomery County Council, February 13, 2024.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> ["Racial Disparities in Climate Change-Related Health Effects in the United States"](#), Berberian, A. G., et. al., Current Environmental Health Reports, May 28, 2022.; ["Climate change and race: The impact on Black lives"](#), Mckinsey, November 30, 2023.; ["Racial Disparities and Climate Change"](#), Princeton Student Climate Initiative, August 15, 2020.

<sup>9</sup> ["U.S. Department of Housing and Urban Development Climate Action Plan"](#), U.S. HUD, November 2021.

<sup>10</sup> ["Climate change will be a tougher burden for minorities in the US"](#), The Washington Post, September 2, 2021.

<sup>11</sup> ["Community Reinvestment and Repair Fund Survey Results Report"](#), Maryland Office of Social Equity, December 15, 2023.

<sup>12</sup> ["U.S. Department of Housing and Urban Development Climate Action Plan"](#), U.S. HUD, November 2021.

<sup>13</sup> Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022

# 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.