


F R O M	Name & Title	Dr. Letitia Dzirasa, Commissioner	Health Department AGENCY REPORT	
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	Subject/ Position:	23-0353 – Community Reinvestment and Reparations Commission FAVORABLE WITH AMENDMENTS		

To: President and Members
of the City Council
c/o 409 City Hall

April 25, 2023

The Baltimore City Health Department (BCHD) is pleased to have the opportunity to review Council Bill 23-0353, entitled “Community Reinvestment and Reparations Commission.” This ordinance seeks to create the Community Reinvestment and Reparations Commission considering state law establishing the Community Reinvestment and Repair Fund. The bill had a hearing on March 28, at which it was stated that the voting session to be held in April would include amendments to the bill. This report is based on the bill’s first reader.

Recommended amendments

This bill has the potential to be transformative but is missing some key recommendations crucial for preventing the perpetuation of inequities. In line with promising practices codified in other states’ legislation, BCHD has several recommendations to strengthen the bill:

- Create a requirement that the Commission include at least 3 members with lived experience (having been arrested or incarcerated for marijuana or other illicit drug-related offenses).
- Strengthen parameters around which community-based organizations can be funded by the revenue.
 - The bill should be amended to specify that Baltimore City’s share of the funding must go toward funding community-based organizations that, in addition to meeting the requirements under state law, have a physical presence in the affected communities that they serve.
- The Commission’s mission should include learning and community engagement activities, such as publicizing the existence and mission of the Commission, conducting periodic listening sessions, and publicizing the reports referenced in the bill.

Background

Md. Code, Health-Gen. §13-4601 establishes that there will be a “Community Reinvestment and Repair Fund” with the purpose of “[providing] funds to community-based organizations that serve communities determined by the Office of the Attorney General to have been the most impacted by disproportionate enforcement of the cannabis prohibition before July 1, 2022.”¹ The Code also establishes that the fund shall consist of “revenue distributed to the Fund that is at least 30% of the revenues from adult-use cannabis,” as well as certain additional funds, and that “the Comptroller shall administer the Fund.”¹ In other words, the Office of the Attorney General will determine the impact of marijuana criminalization on counties (i.e., the

¹ Md. Article - Health - General. §13-4601.

<https://mgaleg.maryland.gov/mgawebsite/Laws/StatuteText?article=ghg§ion=13-4601&enactments=false>

number of marijuana-related arrests in that county compared to the total in the state). The Comptroller will then distribute funds proportionally to the counties based on the number of arrests made in each county.

Subsection (a)(6) of the Code specifies what the funds may be used for:

1. Funding community-based initiatives intended to benefit low-income communities;
2. Funding community-based initiatives that serve communities disproportionately harmed by the cannabis prohibition and enforcement; and
3. Any related administrative expenses.¹

Further, the Code states that, subject to the limitations above, “each county shall adopt a law establishing the purpose for which money received from the Fund may be used.”¹ While the Code does not require the creation of a commission to direct the use of the funds on a local level, it does not prohibit counties from creating such a commission.

Other jurisdictions’ approaches

Many jurisdictions have already implemented programs funded by revenue from marijuana sales. Based on research, most focus on supporting people affected by marijuana criminalization (especially those who were arrested for and/or convicted of marijuana-related offenses) with entering the cannabis industry as business owners and entrepreneurs. Below is a sample of state and city programs representing promising practices.

California

California’s Cannabis Equity Grants Program, administered by the Governor’s Office of Business and Economic Development, aims to “advance economic justice for populations and communities impacted by cannabis prohibition and the War on Drugs by providing support to local jurisdictions as they promote equity in California and eliminate barriers to enter the newly regulated cannabis industry for equity program applicants and licensees.”²

Several California cities have their own programs and initiatives aimed at repairing harm done to communities most affected by marijuana criminalization. In 2017, the Oakland City Council enacted an [Equity Permit Program](#) to “addresses disparities in the cannabis industry by prioritizing the victims of the war on drugs, and minimizing barriers of entry into the industry.”³ At least half of the city’s permits for cultivators, delivery-only dispensaries, distributors, testing laboratories, manufacturers and transporters must be awarded to “equity applicants” (defined as applicants who “qualify for fee waivers plus technical and financial assistance based on income level and residential location or cannabis conviction”).³ The program also provides:

- **Technical assistance** for verified Cannabis Equity Applicants
- **Equity loan and grant programs.** The city’s Equity Loan Program “re-invests cannabis tax revenue into economic opportunities for those most impacted by the War on Drugs,” funding historically marginalized cannabis operators, as they build their businesses.⁴ The city’s Cannabis Equity Grant Program uses funds from the state’s Bureau of Cannabis Control to provide grants to Oakland’s cannabis equity entrepreneurs.⁴
- **Business coaching** for equity loan and grant recipients.⁴

² California State Library. (2023). Cannabis Equity Grants Program for Local Jurisdictions.

<https://www.grants.ca.gov/grants/cannabis-equity-grants-program-for-local-jurisdictions-4/#:~:text=The%20purpose%20of%20the%20Cannabis,barriers%20to%20enter%20the%20newly>

³ City of Oakland. (n.d.). Cannabis Equity Program. <https://www.oaklandca.gov/topics/equity-program>

⁴ Elevate Impact Oakland. (n.d.) Loan Program Overview. <https://www.elevateimpactoakland.com/program-overview/>

- Free **legal advice** regarding licensing, regular compliance, business formation, raising capital, contracts, commercial leasing, and more.⁵

New York

New York State’s [Conditional Adult-Use Retail Dispensaries](#) prioritizes “justice involved individuals” for obtaining adult-use retail dispensary licenses.⁶ The state defines “justice involved individuals” as

- someone who has been convicted of a marihuana-related offense in New York State before March 31, 2021 [note: “marihuana” is an alternative spelling of “marijuana” found in some legal texts]
- someone whose parent, spouse, child, legal guardian, or dependent has been convicted of a marihuana-related offense in New York State before March 31, 2021
- or someone who is the dependent of someone who has been convicted of a marihuana-related offense in New York State before March 31, 2021.⁶

Additionally, all New York’s state adult-use cannabis taxes are deposited in the State’s “Cannabis Revenue Fund.”⁷ The revenue covers the state’s cannabis program administration costs, the cost of implementing the state’s [Marihuana Regulation & Taxation Act](#), Drug Recognition Expert training, and “implementing incubators and workforce development for social and economic equity applicants.”⁷ Remaining revenue is allocated as follows:

- 40% to the **State Lottery Fund for education purposes**⁷
- 40% to the **Community Grants Reinvestment Fund** to fund qualified community-based non-profit organizations and local governments to support community revitalization efforts, including, but not limited to: job placement and skills services, adult education, mental health treatment, substance use disorder treatment, housing, financial literacy, community banking, services to address adverse childhood experiences, legal services to address barriers to reentry, linkages to medical care, women’s health services and other community-based supportive services, and to further support [the social and economic equity program](#), furthering participation of equity applicants in the cannabis industry.⁷
 - As required by N.Y. State Fin. Law § 99-KK, the Fund is governed and administered by the state Cannabis Advisory Board.⁸
 - The Advisory Board’s membership, codified in state law, consists of 13 appointed members, representatives from agencies including but not limited to the Office of Children and Family Services, the Department of Labor, the Department of Health, and the Division of Housing and Community Renewal, and members appointed by the Governor and state representatives. The enabling legislation specifies that “**the advisory board shall include residents from communities most impacted by cannabis prohibition, people with prior drug convictions, [and] the formerly incarcerated.**”⁹
 - The Board has four subcommittees: Community Grant Reinvestment; Social and Economic Equity; Health, Safety, and Research; and Cannabis Industry and Market.¹⁰

⁵ City of Oakland. (n.d.). Legal Assistance Program Knox & Ross Law Group. <https://www.oaklandca.gov/services/knox-ross-law-group-legal-services>

⁶ New York State Office of Cannabis Management. (2023). CAURD FAQ <https://cannabis.ny.gov/caurd-faq>

⁷ Office of Cannabis Management. (2022). What is in the Law: Taxation and Revenue <https://cannabis.ny.gov/system/files/documents/2022/04/cannabis-management-fact-sheet-taxation-03.pdf>

⁸ The New York State Senate. (n.d.). State Finance (STF) CHAPTER 56, ARTICLE 6, SECTION 99-KK. <https://www.nysenate.gov/legislation/laws/STF/99-KK>

⁹ The State of New York. (2021). Marijuana Regulation & Taxation Act. <https://legislation.nysenate.gov/pdf/bills/2021/S854A>

¹⁰ New York State Office of Cannabis Management. (2023). Resolution No. 2023-01. <https://cannabis.ny.gov/system/files/documents/2023/04/cab-resolution-2023.01.pdf>

- 20% to the **Drug Treatment and Public Education Fund** for purposes including but not limited to:
 - Developing and implementing a youth-focused public health education and prevention campaign to reduce the risk of cannabis and other substance use by school-aged children
 - A statewide public health campaign focused on the health effects of cannabis
 - Substance use disorder treatment programs for youth and adults⁷

Oregon

Oregon’s “marijuana tax program” uses revenue to cover costs for administering the tax, pay for the Oregon Liquor and Cannabis Commission's enforcement costs, and the [Oregon Criminal Justice Commission's Illegal Marijuana Market Enforcement Grant Program](#).¹¹ Beginning in 2021, any funds collected above \$11.25 million quarterly were directed to the state’s [Drug Treatment and Recovery Services Fund](#). “After that, every quarter \$11.25 million in state tax revenue” is allocated among the State School Fund, the Oregon Health Authority for mental health treatment and alcohol and drug abuse prevention and treatment, State Police, Cities, and Counties.¹¹

The city of Portland has implemented an additional local tax on marijuana sales.¹² The City Council votes annually on allocations, guided by a community steering committee process and community survey provided on how funding should be appropriately allocated to address the following areas, which were outlined in the [enabling local legislation](#):

- “Drug and alcohol education and treatment programs, including but not limited to services that increase access to these programs and programs that support rehabilitation and employment readiness;
- Public safety investments to reduce impacts of drug and alcohol abuse such as policy DUI training and enforcement, support for firefighter paramedics, street infrastructure projects that improve safety, other initiatives to reduce the impacts of drug and alcohol abuse;
- Support for neighborhood small businesses, especially women-owned and minority-owned businesses, including but not limited to business incubator programs, management training, and job opportunities; and providing economic opportunity and education to communities disproportionately impacted by cannabis prohibition.”¹²

Washington

In 2020, the Washington State Liquor and Cannabis Board developed [legislation](#) creating the state Social Equity program, the Social Equity in Cannabis Task Force, and “the opportunity to provide a limited number of cannabis retail licenses to individuals disproportionately impacted by the enforcement of cannabis prohibition laws.”¹³ The resulting Task Force was charged with making “recommendations [to the Liquor and Cannabis Board] to promote business ownership among individuals who have been disproportionately impacted by the war on drugs, in order to remedy the harms resulting from the enforcement of cannabis-related laws” and centering “the voices of Black, Indigenous, and People of Color communities that have been most impacted by enforcement of cannabis-related laws.”¹⁴ The enabling legislation outlines

¹¹ Oregon Department of Revenue. (n.d.). Marijuana tax program.

<https://www.oregon.gov/dor/programs/businesses/Pages/marijuana.aspx>

¹² City of Portland. (2016). Ballot Measure 26-180. <https://multco-web7-psh-files-usw2.s3-us-west-2.amazonaws.com/s3fs-public/26-180.pdf>

¹³ Washington State Liquor and Cannabis Board. (2021). Cannabis Social Equity. <https://lcb.wa.gov/se/cannabis-social-equity>

¹⁴ Governor’s Interagency Council on Health Disparities. (2022). Social Equity in Cannabis Task Force. Retrieved from <https://healthequity.wa.gov/councils-work/social-equity-cannabis-task-force>

membership requirements for the task force, including that the task force must be staffed by the Governor's Interagency Council on Health Disparities.¹⁵ The Task Force's [final report](#) is available online.

Recommendations

BCHD applauds the intent of this bill and recognizes its potential to be transformative for Baltimore City. The agency recommends amendments be made based on promising practices adopted by other states. Therefore, BCHD respectfully requests a **favorable with amendments** position on Council Bill 23-0353.

¹⁵ Revised Code of Washington. RCW 69.50.336. Social equity in cannabis task force. <https://app.leg.wa.gov/rcw/default.aspx?cite=69.50.336>