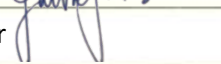



<b>FROM</b>	NAME & TITLE	Laura Larsen, Budget Director 	CITY of <b>BALTIMORE</b> <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 469, City Hall		
	SUBJECT	City Council Bill 23-0353 – Community Reinvestment and Reparations Commission		

DATE:

**TO**

The Honorable President and  
Members of the City Council  
City Hall, Room 400

March 27, 2023

**Position: Defer to Law**

The Department of Finance is herein reporting on City Council Bill 23-0353, Community Reinvestment and Reparations Commission, the purpose of which is establish a commission to distribute funds the City receives from the State Community Reinvestment and Repair Fund.

**Background**

During the 2022 Legislative Session, the Maryland General Assembly enacted House Bill 837, Cannabis Reform, which established the Community Reinvestment and Repair Fund. The Fund is administered by the State Comptroller and is funded by a portion of revenues from adult-use cannabis, licensing fees from dual-licensed cannabis establishments, and other sources. Funds are distributed to local jurisdictions in an amount that is proportionate to the number of cannabis arrests made in the jurisdiction compared to the State.

The Fund can only be used for “community-based initiatives intended to benefit low-income communities” and “community-based initiatives that serve communities disproportionately harmed by the cannabis prohibition and enforcement”, as well as related administrative expenses. Funds cannot be used for law enforcement agencies or activities and can only be used as additional funding for programs, rather than replacing funding provided by the local jurisdictions.

This legislation intends to create a Community Reinvestment and Reparations Commission that will distribute funds the City receives from the Community Reinvestment and Repair Fund. The Commission is comprised of 17 members, with 16 members appointed by the Mayor and 1 ex officio member appointed by the Comptroller. Duties for the Commission include establishing what the money may be used for, allocating funding, and making recommendations repairing damage to communities impacted by the disproportionate enforcement of cannabis laws, white supremacy, and structural racism.

**Fiscal Impact**

The Department of Finance does not anticipate a fiscal impact from this legislation. Funds received from the Community Reinvestment and Repair Fund will flow through the General Fund to programs that meet the requirements of this legislation, similar to how Highway User Revenues are received and allocated by the City, which is reported to the State on an annual basis.

**Other Considerations**

The Department of Finance supports the intent of this legislation to engage residents in identifying ways to use funds from the Community Reinvestment and Repair Fund. However, the legislation as written establishes that the Commission will establish the purposes that funds may be used for and allocate the funding, which the Commission does not have authority to do.

First, State Health - General Article § 13-4601(A)(6) establishes the authorized uses for funds, which can be further refined by local jurisdictions, per State Health - General Article § 13-4601(B)(2)(i), by local law. Finance defers to the Law Department on whether this authority granted to local jurisdictions would enable the Commission to establish those purposes, per this legislation.

Second, the Charter restricts how City funds may be appropriated. Under the Charter, the Board of Estimates is authorized to “formulate and execute the fiscal policy of the City.” More specifically, the appropriation of funds is limited to the Ordinance of Estimates, the City’s budget, and supplementary appropriation ordinances. This legislation states that the Commission would appropriate funds, which is not within the authority of the Commission. It would be more appropriate for the Commission to submit recommendations on how funds should be spent.

### **Conclusion**

This legislation establishes a Commission to distribute funds the City receives from the Community Reinvestment and Repair Fund. While the creation of the Commission is not anticipated to have a fiscal impact for the City, the legislation as written aims to give the Commission budget authority that is counter to authority established in the Charter.

**For the reasons stated above, the Department of Finance defers to Law on City Council Bill 23-0353.**

cc: Michael Moiseyev  
Nina Themelis