

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 39-21: TAXATION—PUBLIC SAFETY OFFICERS—PUBLIC SAFETY EMERGENCY COMMUNICATIONS SPECIALIST—PROPERTY TAX CREDIT

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Bill 39-21 could negatively impact racial equity and social justice as its benefits to eligible public safety personnel would disproportionately accrue to White people. To improve racial equity and social justice, this statement offers two options as recommended amendments for consideration.

PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of RESJ impact statements 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 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 harms that have caused racial and social inequities.²

PURPOSE OF BILL 39-21

The purpose of Bill 39-21 is to increase the number of police officers, firefighters, emergency medical technicians and emergency communications specialists employed by the County by incentivizing them to stay or relocate to the County by offering them property tax credits of up to \$2,500.³ To be eligible for the property tax credit, an eligible employee must be a legal owner of a property in the County and use the property as their principal residence for more than six months of a twelve-month period. Bill 39-21 aligns with state law authorizing Montgomery County to enact property tax credits for certain public safety officers and emergency communication specialists.⁴ Bill 39-21 was introduced to the County Council on October 19, 2021.

PROPERTY TAX CREDITS, PUBLIC SAFETY PERSONNEL, AND RACIAL EQUITY

Policymakers can use property tax credits to encourage beneficial behaviors. A property tax credit reduces a property owner's tax obligation; if the credit is refundable, a property owner can receive the difference between the credit and what they own as a refund.⁵ Property tax credits benefit eligible homeowners. Currently, seniors and military retirees are eligible to receive recurring property tax credits in Montgomery County.⁶ Of note, property tax credits reduce tax revenue available to support other competing public goods.

Since Bill 39-21 relies on homeownership (through property tax credits) as an incentive to help recruit and maintain public safety personnel in the County, this section examines homeownership and public safety personnel data by race and ethnicity to help consider the potential impact of this bill on racial equity and social justice.

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Inequities in Homeownership. The possibility of homeownership has been placed out of reach for many families of color due to inequitable housing policies and practices of the past.⁷ Slavery, sharecropping, Jim Crow laws, and the Homestead Act were government policies designed to build wealth among White residents by extracting resources from People of Color. Government policies reinforcing housing segregation continued with the New Deal as the Federal Housing Administration provided government-subsidized financing to White residents and developers to purchase or build homes in White-only enclaves.⁸ While the Fair Housing Act of 1968 eliminated racially explicit segregation in housing, the policies that built the segregated housing market “have never been remedied and their effects endure.”⁹

As a result of inequitable government policies and practices, access to wealth (which individuals often rely on to make a down payment for their home) varies significantly by race and ethnicity.¹⁰ The racial wealth gap in the Metropolitan Washington Region is sizable: White households had more than 80 times the wealth of Black households and 21 times the wealth of Latinx households in 2014.¹¹ Residents of color still experience discrimination in the housing market due to predatory lending practices and bias in the real estate market.¹² As such, disparities in homeownership by race and ethnicity persist in Montgomery County where:

- 75 percent of White and Asian households reside in owner-occupied units compared to 50 percent of Latinx and Native American households and 42 percent of Black households.¹³
- 39 to 47 percent of Black, Latinx, and Other race mortgage expended more than 30 percent of their income on their mortgage compared to 20 percent of White and 29 percent of Asian mortgage holders.¹⁴
- Yet, the average value of home mortgages carried by White households was \$410,000 compared to \$391,000 for Asian households, \$328,000 for Black households, and \$308,000 for Latinx households.¹⁵

Since White households own the most valuable properties, they incur the burden of higher property taxes.¹⁶ In turn, policies that provide property tax credits can disproportionately reduce the taxes paid by White households.¹⁷

Inequities in Public Safety Workforce. Careers in public safety have also been placed out of reach for many people of color due to inequitable policies and practices. While the civil service has been a great pathway into the middle class for many people of color, generally the higher-paying or more prestigious a job, the less access that people of color have to those positions.¹⁸ In turn, people of color have not been able to land a proportionate share of the higher-paying, higher-profile public safety jobs – like police officers and firefighters – even though many jurisdictions use hiring systems that are supposedly fair and discrimination free.¹⁹

Racial disparities among law enforcement personnel are consistent with a criminal justice system characterized by racial inequities in stops, arrests, convictions, and sentencing. Inequities in the law enforcement workforce trace their history to the use of “slave patrols” in the antebellum South.²⁰ Slave patrols, and the slave codes they enforced, ended after the Civil War and the passage of the 13th amendment, which formally ended slavery “except as a punishment for crime.”²¹ But former Confederate states used that exception to justify new restrictions – Black codes – that limited the kinds of jobs African Americans could hold, their rights to buy and own property, and even their movements.²²

Societal beliefs in White supremacy contribute to beliefs that policing and firefighting were the professions of White men because they best demonstrated the traits essential of promoting public safety: manliness, bravery, and nobility.²³ These beliefs extend to perceptions of the prototypical firefighter despite a rich history of Black firefighting heroes that goes back to early 19th century.²⁴ Beliefs in White supremacy also led to segregated fire stations in the early 20th century. Post segregation, discrimination was reinforced through nepotism and cronyism where applicants who did not have a family legacy of firefighting – and especially for applicants of color – training and testing became an impermeable barrier

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for entering the profession while White male recruits often received special mentoring and reduced scrutiny in hiring.²⁵ Similar exclusions characterized entry into law enforcement professions by race, ethnicity, and gender as well. Inequitable policies and practices that exclude people of color from public safety professions result in their under-representation among police and fire service personnel and the over-representation of White people in these positions. A review of national data demonstrates these disparities where among civilians age 16 years or older:^{26, 27}

- 77 percent were White compared to 85 percent of police and fire personnel, 82 percent of emergency medical technicians and 89 percent of public safety communicators.
- 17 percent were Latinx compared to 15 percent of police officers, 13 percent of firefighters, 11 percent of emergency medical technicians and 13 percent of public safety communicators.
- 13 percent were Black compared to 11 percent of police officers, eight percent of firefighters, 12 percent of emergency medical technicians, and 10 percent of public safety communicators.
- 6 percent were Asian compared to 2 percent of police officers, 1 percent of firefighters, 4 percent of emergency medical technicians and less than 1 percent of public safety communicators.

A review of available local data also demonstrates that people of color are under-represented in policing and firefighting professionals in Montgomery County. More specifically, among residents age 16 or older:²⁸

- 45 percent were White compared to 74 percent of police officers and 76 percent of fire department personnel.
- 18 percent were Latinx compared to 9 percent of police officers and 7 percent of fire department personnel.
- 18 percent were Black compared to 12 percent of police officers and 10 percent of fire department personnel.
- 16 percent were Asian compared to 5 percent of police officers and 2 percent of fire department personnel.

If local data aligns with national data regarding the racial and ethnic make-up of public safety communicators (termed emergency communication specialists locally), then White people are also over-represented among these positions and BIPOC residents are under-represented among these positions. However, available data demonstrates that Black people are over-represented among corrections officers: accounting for a third of corrections positions nationally, and more than half of corrections staff within the Montgomery County Department of Corrections and Rehabilitation.^{29, 30}

ANTICIPATED RESJ IMPACTS

Discerning the potential impact of Bill 39-21 on racial equity and social justice in Montgomery County requires considering the bill's potential impact on racial inequities in homeownership and among public safety positions. The potential impact of Bill 39-21 on each of these is addressed in turn. Taken together, OLO finds that Bill 39-21 could have a net impact of widening racial and social inequities in the County as the two groups to benefit from this bill – homeowners and eligible public safety personnel – are disproportionately White.

- **Homeowners.** The demographics of current homeowners in the County suggest that White and Asian people could disproportionately benefit from Bill 39-21 because they demonstrate the highest home ownership rates. Three-quarters of White and Asian households reside in owner-occupied homes compared to half of Latinx households and 40 percent of Black households. If homeownership rates by race and ethnicity across the County characterize homeownership rates by race and ethnicity among County employees, then White and Asian employees are better positioned to take advantage of Bill 39-21's property tax credit than Latinx and Black employees who are more likely to be renters. Eligible White employees may also benefit more than other employee groups if they have higher home mortgages on average like White residents countywide. If White

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residents and employees benefit more from Bill 39-21 than other racial and ethnic groups, the bill widens current racial and social inequities in homeownership.

- **Eligible Public Safety Personnel.** The demographics of public safety personnel eligible for Bill 39-21's proposed property tax credit suggests that the bill would disproportionately benefit White people because they are over-represented among eligible employees. White people account for 74 percent of police officers and 76 percent of fire and rescue service personnel in the County compared to accounting for less than half of residents age 16 or above. Limiting eligibility for property tax credits to police officer and fire and rescue service means that White people will be over-represented among employees eligible for the bill's benefits. If local data on racial make up of emergency communication specialists parallels national data indicating that White employees occupy 89 percent of such positions, White people will disproportionately benefit from these positions being eligible for the tax credit. Overall, if this bill's provisions in effect retains and/or attracts more White employees than other employees, the bill could widen current racial inequities among Bill 39-21 eligible employee groups.

If Bill 39-21 works as intended and increases the number of public safety personnel employed by the County as a result, County residents could benefit from increased public safety operations resulting from the bill. Yet, OLO anticipates that such a benefit would sustain racial social inequities in the County rather than narrow or widen them.

RECOMMENDED AMENDMENTS

The County's 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.³¹ OLO finds that Bill 39-21 could widen racial and ethnic inequities because its provisions could exacerbate inequities in homeownership and public safety workforce representation by race and ethnicity. Should the Council seek to improve the racial equity and social justice impact of Bill 39-21 with recommended amendments, the following two options can be considered.

- **Create a renters' tax credit for public safety personnel.**³² Offering renter tax credits for public safety positions could enhance racial equity because Black and Latinx residents are more likely to rent their homes. If current and potential Black and Latinx employees in Bill 39-21 eligible positions are more likely to rent their homes, then adding a renters' tax credit provision to Bill 39-21 could help ensure that all persons in or applying for eligible positions proportionately benefit from this bill regardless of whether they rent or own their homes.
- **Make Department of Corrections and Rehabilitation positions eligible.** Unlike policing and fire and rescue services, Black staffers are over-represented among public safety personnel in the Department of Corrections and Rehabilitation (DOCR), accounting for over half of their workforce. Extending Bill 39-21's incentives to DOCR personnel would increase racial equity because the benefits experienced by DOCR personnel would disproportionately accrue to Black employees and their households.

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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CONTRIBUTIONS

Dr. Elaine Bonner-Tompkins, Senior Legislative Analyst, drafted this RESJ impact statement with assistance from Dr. Theo Holt, RESJ Performance Management and Data Analyst.

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 Bill 39-21 Taxation – Public Safety Officers – Public Safety Emergency Communications Specialists – Property Tax Credit, County, Montgomery County, Maryland

https://apps.montgomerycountymd.gov/ccllms/DownloadFilePage?FileName=2727_1_17760_Bill_39-2021_Introduction_20211019.pdf

⁴ Md. Tax-Property Code Ann. Section 9-260 and Section 9-262.

⁵ Policy Basics: Tax Exemptions, Deductions, and Credits. Center on Budget and Policy Priorities, November 2020

<https://www.cbpp.org/research/federal-tax/tax-exemptions-deductions-and-credits>

⁶ Property Tax Credit and Exemption Information, Department of Finance, Montgomery County, Maryland.

https://www.montgomerycountymd.gov/finance/taxes/tax_credit_exempt.html

⁷ Misha Hill, et. Al, Taxes and Racial Equity: *An Overview of State and Local Policy Impacts*, March 2021, Institute on Taxation and Economic Policy. https://itep.sfo2.digitaloceanspaces.com/ITEP_Taxes-and-Racial-Equity-State-and-Local-Policy-Impacts-2.pdf

⁸ Ibid.

⁹ Richard Rothstein, *The Color of Law: A Forgotten History of How Government Segregated America*, 2017

¹⁰ Hill

¹¹ Kilolo Kijakazi, et al, *The Color of Wealth in the Nation’s Capital*, November 2016

<https://www.urban.org/research/publication/color-wealth-nations-capital>

¹² Keeanga-Yamahtta Taylor, *Race for Profit: How Banks and the Real Estate Industry Undermine Black Homeownership*, 2019; Urban Institute, *Exposing Housing Discrimination*, <https://www.urban.org/features/exposing-housing-discrimination>

¹³ Calculations based on American Community Survey, 2019 1-Year Estimates, Table ID S2502.

¹⁴ American Community Survey, 2019 1-Year Estimates, Table ID. S0201.

¹⁵ Jupiter Independent Research Group, *Racial Equity Profile Montgomery County*, OLO Report 2019-7, Office of Legislative Oversight, July 15, 2019

¹⁶ Ibid

¹⁷ Ibid

¹⁸ Ginger Adams Otis, “Why So Few of New York’s Bravest are Black,” *The Atlantic*, June 6, 2015

¹⁹ Ibid

²⁰ Khalil Gibran Muhammad cited by Colleen Walsh, “Solving racial disparities in policing,” *The Harvard Gazette*, February 23, 2021

²¹ Ibid

²² Ibid

²³ Clarence Taylor, *Black Firefighters and the FDNY*, Book review of David Goldberg, *Black Firefighters and the FDNY: The Struggle for Jobs, Justice, and Equity in New York City*, *New York Labor History*, 2021

²⁴ Addington Stewart, “I Was a Firefighter for 35 Years. Racism Today is as Bad as Ever” *The New York Times*, September 12, 2018

²⁵ Ibid

²⁶ For data on residents age 16 and older see Bureau of Labor Statistics, BLS Reports, Labor force characteristic by race and ethnicity, 2020 <https://www.bls.gov/opub/reports/race-and-ethnicity/2020/home.htm>

²⁷ Bureau of Labor Statistics, Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity, 2020

<https://www.bls.gov/cps/cpsaat11.pdf>

²⁸ MCPD data from Montgomery County Department of Police, Bill 33-19, Community Policing Report, January 27, 2021, and MCFRS data from Susan Farag, Memorandum to Public Safety Committee, Discussion: Police and Fire Departments – Recruitment and Diversity Initiatives, June 16, 2017

http://montgomerycountymd.granicus.com/MetaViewer.php?view_id=169&event_id=5928&meta_id=140025

²⁹ Bureau of Labor Statistics, Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity, 2020

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³⁰ For diversity of DOCR staff, see

[https://www.montgomerycountymd.gov/countystat/Resources/Files/DOCR%20FY13%20FINAL\(5\).pdf](https://www.montgomerycountymd.gov/countystat/Resources/Files/DOCR%20FY13%20FINAL(5).pdf)

³¹ Montgomery County Council, Bill 27-19, Administration – Human Rights - Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee - Established

³² Daniel Teles and Christopher Davis, Tax Credits for Renters Could Increase Racial and Economic Equity, December 2020, Urban Institute. <https://www.urban.org/urban-wire/tax-credits-renters-could-increase-racial-and-economic-equity>