



Testimony in Support of Bill Relating to Equity Impact Statements: H7736 House Committee on State Government and Elections April 6, 2022

The Economic Progress Institute strongly supports Representative Cassar's bill H7736 which would require that a race, ethnicity, gender, and disability equity impact statement accompany most proposed legislation. Such statements **would help decrease disparities and increase equity** in Rhode Island. This tool would not only help Rhode Islanders in general, but **would also help legislators make better-informed decisions**. Bill sponsors sometimes request fiscal notes, in order to get a better idea of the likely economic impact of a bill – how much it might cost or how much additional revenue it might bring in – in order to prevent unintended consequences. Likewise, the equity impact statements called for by H7736 would **help avoid unintended and unanticipated consequences** of legislation.

The myth of neutral policy

While some legislation is proposed to specifically address racial or gender disparities, many pieces of legislation do not mention something like race or gender, while nevertheless having different effects on different groups. Here are a few examples:

- Tax policy often favors homeowners, to encourage ownership, yet this disfavors renters, who are disproportionately Black and Latino/Latina compared to the general population.
- Small business loan programs, especially those with limited funds that run out quickly, favor those who have established relationships with banks, yet many aspiring small business owners of color lack such longstanding banking relationships, meaning that such seemingly race-neutral loan programs disproportionately aid white business owners.
- Zoning rules tend to result in pollution-producing projects being disproportionately sited in poorer and more racially and ethnically diverse neighborhoods.
- The car tax phase out has not at all benefited the ten percent of Rhode Island households without cars, and these households are disproportionately Black, Latino/Latina, and female regardless of race or ethnicity.¹

None of these or so many other policies refer to race, ethnicity, gender, or disability, yet the impacts are real. By enacting H7736, legislators will have a new tool to help them make better decisions, to anticipate what might not be obvious at first glance. **This will enable legislators to prevent harms they could have anticipated with good information, to close gaps in services, and to reduce or eliminate disparities.** Legislators can help prevent racism and sexism and other unwanted discriminatory effects.²

Building upon work in other states and countries

There are different models for assessing equity impacts, and Rhode Island would *not* be creating something entirely new. There exist a number of examples in other states.



In June 2021, the Sentencing Project catalogued state-level racial impact statements: <https://www.sentencingproject.org/publications/racial-impact-statements/>. They identified nine states that have already implemented such statements (Iowa, Colorado, Connecticut, Florida, Oregon, Maine, Maryland, New Jersey, and Virginia) and another nine states where legislation has been introduced but not enacted (Arkansas, Illinois, Kentucky, Minnesota, Mississippi, Nebraska, New York, Oklahoma, and Wisconsin). Understandably, given the mission of the organization, their list and descriptions focus on racial impact statements in the context of criminal justice legislation.

Maine

Some states have moved beyond this. In 2019, Maine's legislature created a Permanent Commission on the Status of Racial, Indigenous and Maine Tribal Populations. Meeting during the summer of 2020, the Commission identified 10 policy areas of concern – not just Criminal Justice, but also Basic Needs, Basic Rights, Tribal Sovereignty, Wealth and Income, Housing and Homelessness, Education, Juvenile Justice, Employment and Workers' Rights, and Health Care. Last year, Maine's legislature initiated a pilot project to employ racial and ethnic impact statements for legislation, and that pilot is now underway.

Colorado

The most expansive effort to date has emerged in Colorado, with HB 19-1184. This legislation provides for the request and creation of up to 20 Demographic Notes each session (with the House Speaker, Senate President, and the Minority Leader of each chamber each allowed to request up to 5 notes). The responsibility to produce the notes falls to the Legislative Council Staff. This is how the Council defines the Demographic Note:

A demographic note uses available data to outline the potential effects of proposed legislation on existing disparities within the state. Disparities are defined in state law as the difference in economic, employment, health, education, or public safety outcomes between the state population as a whole and subgroups of the population, as defined by socioeconomic status, race, ethnicity, sex, gender identity, sexual orientation, disability, geography, or any other relevant characteristic for which data are available.³

Notes must address the following: Demographic Impact Summary, Key Provisions Impacting Demographic Disparities, Legislative Background, Analysis and Findings, Data Sources and Agencies Contacted, and Demographics Not Analyzed. Those producing these documents must consider their data sources, public input, disparities in context, and even budgetary tradeoffs. To date, such notes have addressed legislation for the Earned Income Tax Credit, health benefit plans, education funding, and transportation sustainability.

International

Beyond the United States, there have been some efforts in regard to equity impact statements based upon gender. In May 2020, Pamela Shifman and Salamishah Tillet published a *New York Times* op-ed titled "**How We Spend Tells Us Whose Lives Matter.**" They called for governments



at all levels to “ensure the money is allocated in a way that alleviates inequality, rather than reproduces it” by considering “the impact the funding would have” across gender, race, and other social characteristics. Their proposed solution is a “gender- and racial-equity-budget assessment.” The authors point to gender equity efforts outside of the United States, including the case of Iceland, where a plan to simplify the income tax system was scrapped when a gender analysis concluded that the plan would increase the income gap between men and women.⁴

Rhode Island

Given the examples and experiences from other states, Representative Cassar’s H7736 is a reasonable first step on a path to more robust policies for equity impact statements. The bill asks only that legislative sponsors demonstrate that they have taken into account the impact that their bills will have on underrepresented and historically disadvantaged communities throughout the state and share what they have learned. **Moving in this direction will create opportunities to prevent unnecessary harm**, by blocking legislation that might increase racial, ethnic, gender, and other disparities. **Lawmakers will also be able to highlight and boost legislation that will likely increase equity.** Such a measure promises substantial benefits, for Rhode Islanders and for policymakers seeking to improve life and lives in the Ocean State.

¹ For data making this clear, see the National Equity Atlas:

https://nationalequityatlas.org/indicators/Car_access#/?breakdown=1&geo=02000000000044000.

² On tax policy, in particular, see Misha Hill et al., “The Illusion of Race-Neutral Tax Policy,” *Institute on Taxation and Economic Policy* (February 2019), <https://itep.sfo2.digitaloceanspaces.com/021319-Race-Equity-Paper.pdf>.

³ See https://leg.colorado.gov/sites/default/files/images/lcs/demographic_notes_overview.pdf.

⁴ See <https://www.nytimes.com/2020/05/21/opinion/coronavirus-stimulus-women.html>.