

Economic Impact Statement

Montgomery County, Maryland

Bill 25-24 Contracts and Procurement – Prohibition Against Human Trafficking - Enforcement

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Bill 25-24 would have an insignificant impact on economic conditions in the County in terms of the Council's priority indicators.

BACKGROUND AND PURPOSE OF BILL 25-24

According to Polaris – a national nonprofit that works to end human trafficking – “U.S. law defines human trafficking as the use of force, fraud, or coercion to compel a person into commercial sex acts or labor against their will.”¹ The International Labor Organization estimates that 27 million people worldwide are survivors of human trafficking.² In the United States, the Human Trafficking Hotline has identified nearly 200,000 victims of human trafficking since its inception in 2007.³ Significant risk factors for human trafficking include “recent migration or relocation, substance use, mental health concerns, involvement with the child welfare system and being a runaway or homeless youth.”⁴

The purpose of Bill 25-24 is to “prohibit the County from working with contractors or subcontractors found to have violated state or federal human trafficking laws.”⁵ If enacted, Bill 25-24 would:⁶

- Require bidders and offerors to County procurement opportunities to certify that they have not violated laws against human trafficking;
- Require County contracts to include language explicitly requiring contractors and subcontractors to comply with laws against human trafficking;
- Require contractors and subcontractors to notify the Director of Procurement if they have a criminal charge or civil claim related to human trafficking or if they are found to have violated a law or have a liability related to human trafficking; and

¹ [“Understanding Human Trafficking,”](#) Polaris.

² [“About Human Trafficking,”](#) U.S. Department of State.

³ [“National Statistics,”](#) National Human Trafficking Hotline.

⁴ [“Myths, Facts, and Statistics,”](#) Polaris.

⁵ Montgomery County Council, [“Introduction Staff Report for Bill 25-24,”](#) October 29, 2024.

⁶ Ibid.

- Require the Director of Procurement to pursue remedies if they find that a contractor or subcontractor has failed to comply with these requirements, which can include termination of the contract or debarment.

The Council introduced Bill 25-24, Contracts and Procurement - Prohibition Against Human Trafficking – Enforcement, on October 29, 2024.

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 25-24 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.⁷

The RESJ statement for the Bill notes the lack of data on the extent to which current and former contractors and subcontractors in the County have violated human trafficking laws.⁸ Without this data, OLO finds no evidence to suggest that local firms are more likely than external firms to face termination for such violations. For this reason, OLO anticipates that the Bill would have an insignificant impact on private organizations, residents, and overall economic conditions in the County in terms of the indicators prioritized by the Council.

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

⁷ “[Sec. 2-81B, Economic Impact Statements](#),” Montgomery County Code.

⁸ Office of Legislative Oversight, “[Racial Equity and Social Justice \(RESJ\) Statement on Bill 25-24](#),” Montgomery County Council, November 14, 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.