

# Economic Impact Statement

Montgomery County, Maryland

## Bill 13-25      Licensing and Regulations Generally – Picnics, Dances, Soirees, and Other Entertainment – Amendments

### SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Bill 13-25 would have an indeterminate impact on economic conditions in the County in terms of the Council's priority indicators. The Bill proposes to increase fines for unlicensed for-profit parties—already prohibited under County law—from \$25 to a maximum of \$5,000. However, because the County does not electronically track citations for these violations, the frequency of such events is unknown. Due to the lack of data on the prevalence of unlicensed parties and enforcement activity, OLO cannot determine the net economic impact of the Bill.

OLO notes, however, that if the significant increase in penalties deters unlicensed for-profit parties, certain entertainment establishments may see additional patronage, as individuals who would have attended those events may instead frequent licensed venues in the County.

### BACKGROUND AND PURPOSE OF BILL 13-25

Under current County Code, any unlicensed or unpermitted “picnic, dance, soiree, or other entertainment for gain or profit to which the general public is admitted” is prohibited. Those who violate this prohibition can be fined \$25 for each offense.<sup>1</sup>

The Bill seeks to increase the fines for unlicensed or unpermitted commercial parties. According to the sponsoring Councilmembers, the Bill aims to curb for-profit house parties in neighborhoods, as these are “events that are already illegal according to County zoning but that have proven difficult for County Government to effectively address.”<sup>2</sup> If passed, it would:

- Establish unlicensed or unpermitted commercial picnics, dances, soirees, parties, and other entertainment as a Class A violation;
- Increase the maximum civil violation penalty to \$5,000 when the violation is related to an unlicensed or unpermitted commercial activity occurring at a home;
- Increase the maximum civil violation penalty to \$5,000 for certain code violations associated with an unlicensed or unpermitted commercial activity; and
- Exclude for-profit activities benefitting organizations registered under certain sections of the Internal Revenue Code from the prohibition.

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<sup>1</sup> Montgomery County Code, [Sec. 30-1. Picnics, dances, soirees and other entertainment-License required.](#)

<sup>2</sup> [Introduction Staff Report for Bill 13-25](#), Licensing and Regulations Generally – Picnics, Dances, Soirees, and Other Entertainment – Amendments, May 6, 2025.

The Council introduced Bill 13-25, Licensing and Regulations Generally – Picnics, Dances, Soirees, and other Entertainment – Amendments, on May 6, 2025.<sup>3</sup>

## INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

As required by Sec. 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Bill 13-25 on residents and private organizations in relation to Council's priority economic indicators. In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.<sup>4</sup>

As noted in the Racial Equity and Social Justice (RESJ) impact statement on the Bill, OLO contacted the Montgomery County Police Department (MCPD) to obtain data on existing violations of Sec. 30-1.<sup>5</sup> MCPD indicated that citations are issued as paper tickets and not tracked electronically. As a result, there is limited information available to assess the potential economic impact of the Bill.

This analysis does not rely on formal methodologies. The sole assumption made is that deterring unlicensed for-profit parties could lead to increased patronage at licensed establishments in the County.

## VARIABLES

The primary variables that would affect the economic impacts of enacting Bill 13-25 are the following:

- Prevalence of unlicensed for-profit parties;
- Number of citations issues;
- Total fines assessed; and
- Sales at nightlife establishments.

## IMPACTS

**WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS**

### Businesses, Non-Profits, Other Private Organizations

OLO anticipates that Bill 13-25 would have an indeterminate impact on certain private organizations in the County in terms of the Council's priority economic indicators.

The Bill may affect certain entertainment establishments. If higher fines successfully deter unlicensed for-profit parties, individuals who would have attended those events may instead frequent licensed venues, potentially increasing their patronage and revenue. However, given the lack of data on the prevalence of unlicensed parties and enforcement activity, OLO is unable to determine the net economic impact on businesses in the County.

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<sup>3</sup> Ibid.

<sup>4</sup> Montgomery County Code, [Sec. 2-81B, Economic Impact Statements](#).

<sup>5</sup> See [statement](#).

## Residents

OLO anticipates that Bill 13-25 would have an insignificant impact on certain residents in the County in terms of the Council's priority economic indicators.

## Net Impact

For reasons discussed above, OLO is unable to determine the net economic impact of Bill 13-25 in terms of the Council's priority economic indicators.

## DISCUSSION ITEMS

Not applicable

## 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.