

Economic Impact Statement

Office of Legislative Oversight

BILL 11-21

Montgomery County Economic Development Corporation – Bylaws – Live Video Streaming of Open Meetings

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that enacting Bill 11-21 will negatively impact the Montgomery County Economic Development Corporation (MCEDC). However, OLO does not anticipate that these impacts will affect broader economic conditions in the County.

BACKGROUND

MCEDC is responsible for furthering the County’s business attraction, retention, and economic development initiatives. The goal of Bill 11-21 is to enhance public transparency and accessibility of MCEDC’s open meetings. To this end, the bill would require MCEDC to adopt bylaws that require the live video streaming of open meetings and archiving of certain videos.¹

METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

Government transparency policies can have effects on both citizens and the organizations subject to them. OLO assumes that any economic impacts from enacting Bill 11-21 would occur largely through the effects of the live video streaming and video archiving requirements on MCEDC, particularly the development of its goals and objectives and/or its organizational performance (i.e., ability to meet these goals and objectives). For this reason, this analysis limits the discussion of Bill 11-21 to its organizational impacts on MCEDC, the County’s primary economic development organization.

For context on the potential impacts of enacting Bill 11-21, the OLO analyst relied on the following systematic review² of the research on government transparency:

- Cucciniello, Maria, Gregory A. Porumbescu, and Stephan Grimmelikhuijsen, “25 Years of Transparency Research: Evidence and Future Directions,” *Public Administration Review* (2017): 32-44.

¹ Montgomery County Council, Bill 11-21, Montgomery County Economic Development Corporation – Bylaws – Live Video Streaming of Open Meetings, Introduced on March 2, 2021, Montgomery County, Maryland. See Introduction Staff Report, https://apps.montgomerycountymd.gov/ccllms/DownloadFilePage?FileName=2702_1_14254_Bill_11-2021_Introduction_20210302.pdf.

² A systemic review is “a review of the evidence on a clearly formulated question that uses systematic and explicit methods to identify, select and critically appraise relevant primary research, and to extract and analyze data from the studies that are included in the review.” See Guides.temple.edu, Systematic Reviews & Other Review Types, Temple University Libraries, <https://guides.temple.edu/c.php?g=78618&p=4178713>. Systematic reviews provide a clear and comprehensive overview of the available evidence on a particular topic. See Peričić, Tina Poklepović and Sarah Tanveer, “Why systematic reviews matter,” *Elsevier*, July 23, 2019, <https://www.elsevier.com/connect/authors-update/why-systematic-reviews-matter>.

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This systematic review examined studies published between 1990 and 2015, most of which focused on transparency measures implemented in North American or European countries. The review found that “the effects of transparency are much less pronounced than conventional wisdom suggests.” As shown in the **Appendix** (p. 5), studies found consistent evidence for the effectiveness of government transparency in improving financial management and reducing corruption. However, the evidence is mixed regarding the effectiveness of transparency on accountability, decision-making, and performance. It is worth noting that one study found that greater transparency can have a negative impact on the decision-making process of public bodies.

Overall, the research literature points to the importance of accounting for, both, the benefits and unintended downsides of government transparency measures. This said, it is important to note that MCEDC already complies with Maryland’s Open Meetings Act. The Act requires MCEDC to conduct its “public business...openly and publicly,” except in specified circumstances, to provide the public with “adequate notice of the time and location of meetings,” and to hold meetings “in places reasonably accessible to individuals who would like to attend these meetings.”³ OLO does not anticipate that Bill 11-21’s impacts on MCEDC would be large enough to generate meaningful, secondary effects on economic conditions in the County beyond any effects that have occurred through complying the Open Meetings Act.

VARIABLES

The primary variables that would affect the economic impacts of Bill 11-21 are:

- MCEDC’s goals and objectives; and
- Organizational performance of MCEDC.

IMPACTS

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

Businesses, Non-Profits, Other Private Organization

As discussed above, OLO believes that the impacts of Bill 11-21 would be limited to MCEDC. It is unclear whether MCEDC would attain any additional benefit from increased transparency measures beyond the potential benefits of complying with the Open Meetings Act (i.e., greater stakeholder legitimacy). However, it is worth noting that complying with the live video streaming and/or video archiving requirements may increase operating expenses for MCEDC. Holding all else equal, increased operating expenses to MCEDC would present an opportunity cost that could come at the expense of programs devoted to economic development in the County. Moreover, it is OLO’s understanding that MCEDC plans to hold meetings in locations throughout the County once business operations return to normal. Complying with the live video streaming requirement may present a logistical challenge for MCEDC in doing so.

³ Marylandattorneygeneral.gov, Open Meetings FAQs – A Quick Guide to Maryland’s Open Meetings Act, https://www.marylandattorneygeneral.gov/OpenGov%20Documents/Openmeetings/OMA_FAQ.pdf.

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OLO does not believe that Bill 11-21 would impact other private organizations in the County in terms of the Council's priority indicators, namely business income, workforce, operating costs, capital investments, property values, taxation policy, economic development, and competitiveness.⁴

Residents

OLO believes that Bill 11-21 would have no economic impacts on County residents in terms of the Council's priority indicators.

DISCUSSION ITEMS

(1) As highlighted in this analysis, government transparency policies can have conflicting organizational effects. In addition to considering the potential positive impacts of enacting Bill 11-21, Councilmembers may also want to consider the potential for the new requirements to have unintended, negative consequences on MCEDC's ability to meet its goals and objectives. These potential impacts include increased operating expenses and logistical challenges from complying with the live video streaming and video archiving requirements.

(2) It is worth noting that the County provides public funds to various private entities through its public-private partnerships.⁵ Bill 11-21 suggests that MCEDC is being subject to the live video streaming and video archiving requirements due to the substantial amount of public funds the organization has received and its dependence on these funds. Councilmembers may want to consider the merits of limiting the scope to MCEDC and the implications of establishing a precedent for other private entities that receive County funds to be subject to the requirements in Bill 11-21 in the future.

WORKS CITED

Cucciniello, Maria, Gregory A. Porumbescu, and Stephan Grimmelikhuijsen. "25 Years of Transparency Research: Evidence and Future Directions." *Public Administration Review* (2017): 32-44.

Guides.temple.edu. Systematic Reviews & Other Review Types. Temple University Libraries.

Marylandattorneygeneral.gov. Open Meetings FAQs – A Quick Guide to Maryland's Open Meetings Act.

Montgomery County Code. Sec. 2-81B. Economic Impact Statements.

Montgomery County Council. Bill 11-21, Montgomery County Economic Development Corporation – Bylaws – Live Video Streaming of Open Meetings. Introduced on March 2, 2021. Montgomery County, Maryland.

Peričić, Tina Poklepović and Sarah Tanveer. "Why systematic reviews matter." *Elsevier*. July 23, 2019.

⁴ For the Council's priority indicators, see Montgomery County Code, Sec. 2-81B. Economic Impact Statements, https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco_md/0-0-0-80894.

⁵ See Montgomerycountymd.gov, Non-Departmental Accounts, <https://apps.montgomerycountymd.gov/BASISOPERATING/Common/Department.aspx?ID=99D>.

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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.

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APPENDIX: Empirical Research on the Impacts of Government Transparency

Outcome	Effect	Number of Studies	Percentage of Studies (per outcome)
Organizational Effects			
Accountability	Positive	6	38%
	Negative	0	0%
	Mixed	6	38%
	No effect	4	25%
Decision-making process	Positive	0	0%
	Negative	1	50%
	Mixed	1	50%
	No effect	0	0%
Financial management	Positive	4	100%
	Negative	0	0%
	Mixed	0	0%
	No effect	0	0%
Less corruption	Positive	7	100%
	Negative	0	0%
	Mixed	0	0%
	No effect	0	0%
Performance	Positive	5	56%
	Negative	0	0%
	Mixed	3	33%
	No effect	1	11%
Citizen Effects			
Legitimacy	Positive	2	50%
	Negative	0	0%
	Mixed	2	50%
	No effect	0	0%
Citizen participation	Positive	9	60%
	Negative	1	7%
	Mixed	2	13%
	No effect	3	20%
Trust in government	Positive	7	47%
	Negative	3	20%
	Mixed	4	27%
	No effect	1	7%
Satisfaction	Positive	4	80%
	Negative	0	0%
	Mixed	1	20%
	No effect	0	0%

Source: Cucciniello, Maria, Gregory A. Porumbescu, and Stephan Grimmelikhuisen, "25 Years of Transparency Research: Evidence and Future Directions," *Public Administration Review* (2017): 32-44