

Economic Impact Statement

Office of Legislative Oversight

Bill 20-21

Swimming Pools – Lifeguard Requirements – Amendments

SUMMARY

The Office of Legislative Oversight (OLO) believes that enacting Bill 20-21 would have a positive, yet marginal, impact on economic conditions in the County.

BACKGROUND

The goals of Bill 20-21 are to align the County with current State law regarding lifeguard requirements, ensure pool safety, and maintain the economic competitiveness of local “health clubs” (i.e., “any licensed and registered corporation or business which offers or provides to the public, on a paid membership basis, services, facilities, instruction, training, or assistance in body building, weight loss, exercising, muscle toning, aerobics, or any other similar physical activity”). Under current law, the County requires owners of health club facilities to have a lifeguard on duty while club members or guests use a pool that is below 2,500 square feet. The County is the only jurisdiction in the State of Maryland that has maintained this lifeguard requirement.

If enacted, Bill 20-21 would align the County with State law by exempting the lifeguard requirement for any pool located on the grounds of a health club that:

- “(1) has a water surface area less than or equal to 2,500 square feet and maximum depth of five feet;
- (2) is used only for members or guests who are at least 16 years of age; and
- (3) the owner complies with subsection (f) of this subtitle and all other provisions under Code of Maryland Regulations (COMAR) 38 10.17.01, Public Swimming Pools and Spas.”

In addition to aligning the lifeguard requirement with State law, Bill 20-21 would also require owners of health clubs to post certain safety signs, install an emergency alert system, and have employees perform regular safety inspections in the pool areas.¹

METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

The primary entities impacted by Bill 21-20 would be health clubs and lifeguards. According to data from Montgomery County Health and Human Services, there are 12 health clubs that have at least one pool that would meet the water surface area (less than or equal to 2,500 square foot) and depth (maximum five feet) conditions for exempting the lifeguard requirement.² For information on the potential impacts of Bill 21-20, OLO communicated with managers and an executive from several of the health clubs that would be affected by the change in law. While OLO was unable to attain

¹ Montgomery County Council, Bill 20-21, Swimming Pools – Lifeguard Requirement – Amendments, introduced on May 27, 2021. See Introduction Staff Report, https://apps.montgomerycountymd.gov/ccllms/DownloadFilePage?FileName=2712_1_14450_Bill_20-2021_Introduction_20210527.pdf.

² OLO analyst personal communication with Health and Human Services staff.

Economic Impact Statement

Office of Legislative Oversight

estimates of the costs and savings that Bill 20-21 would create for these businesses, the qualitative claims made in subsequent sections are based on these sources and OLO analysts' judgment. OLO did not communicate with lifeguards who would potentially be affected by Bill 20-21.

VARIABLES

The primary variables that would affect the economic impacts of Bill 20-21 are:

- average annual payroll and training costs;
- total cost of membership holds and cancellations due to irregular and consistent pool operating hours;
- total cost of installing emergency alert system;
- total cost of posting signage; and
- wages of lifeguards.

IMPACTS

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

Businesses, Non-Profits, Other Private Organizations

OLO believes that Bill 20-21 would have a positive economic impact on private organizations in the County. As previously stated, the bill would primarily affect 12 local health clubs which have pools that meet the exemption conditions for the lifeguard requirement. Sources from local health clubs informed OLO that the primary economic impacts of the bill would be the following:

Savings	Costs
<ul style="list-style-type: none">▪ reduction in payroll and training costs associated with staffing pools with lifeguards;▪ reduction in disruptions to pool operating hours due to difficulty hiring and staffing lifeguards; and▪ reduction in membership holds and cancellations from the inability of health clubs to maintain regular and consistent pool operating hours.	<ul style="list-style-type: none">▪ increase in one-time costs associated with installing an emergency alert system and posting safety signage.

While Bill 20-21 create both savings and costs for affected health clubs, the net effect for these businesses would be positive savings, according to the sources with whom the OLO analyst communicated. The positive net impact would occur due to (a) the magnitude of payroll and training costs and their annual recurrence and (b) the non-recurring costs incurred from installing an emergency alert system and posting safety signage. It is worth noting that the magnitude of the cost of the emergency alert system is unknown since Bill 20-21 does not specify the conditions for compliance. Thus, OLO expects the bill to result in a net gain in business income for the affected health clubs.

Economic Impact Statement

Office of Legislative Oversight

Moreover, if health clubs use local business to install emergency alert systems and/or create signage, these businesses would also benefit from Bill 20-21. Indeed, health clubs relying on local businesses for these services and goods would mitigate the economic outflow from the County from local health clubs' expenditures on emergency alert systems and/or safety signage.

Additionally, Bill 20-21 would bring the County to parity with surrounding jurisdictions. This change can be seen as business friendly, which over time and coupled with other changes may lead to a more positive perception of the County's business environment.

Beyond affecting business income, operating costs, and workforce, OLO does not anticipate that Bill 20-21 would affect the Council's other priority indicators.³

Residents

OLO believes that Bill 20-21 would have negative economic impacts for lifeguards affected by Bill 20-21. Any reduction in payroll and training costs for health clubs would come at the expense of wages from lifeguards. However, if the supply of lifeguards is low relative to demand from businesses, then the loss of wages may be marginal. Beyond this effect, OLO does not anticipate the bill to affect other residents in terms of the Council's priority indicators.

DISCUSSION ITEMS

Not applicable

WORKS CITED

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

Montgomery County Council, Expedited Bill 21-21, Fire and Rescue Services – Length of Service Awards Program For Volunteers - Amendments, introduced on May 18, 2021.

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.

³ 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.

Economic Impact Statement

Office of Legislative Oversight

CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.