

Economic Impact Statement

Office of Legislative Oversight

Bill 14-22

Police – Private Security Camera Incentive Program – Established

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Bill 14-22 would have either a net positive or negative overall impact on economic conditions in the County depending on conditions discussed in this analysis. By creating a private security camera incentive program, the Bill would positively impact certain private organizations and residents in terms of economic indicators prioritized by the Council in several ways: First, covering the purchasing cost of security cameras likely would reduce net household expenses and net operating costs for residents and businesses that take advantage of the program. Second, certain County-based businesses likely would experience a net increase in business income due to security camera sales and/or installations that otherwise would not have occurred in the absence of the incentive program. Third, certain residents and private organizations that use the rebate/voucher to purchase “active monitoring” security cameras could experience a modest (at best) reduction in the economic costs of crime. However, it is uncertain the extent to which these potential economic benefits would mitigate—and perhaps outweigh—the capital outflow induced by the Bill in the form of residents and private organizations using the voucher/rebate to import security cameras from online retailers and other vendors based outside the County.

BACKGROUND

Bill Description

The goal of Bill 14-22 is to deter crime.¹ The Bill would attempt to achieve this goal by establishing a private security camera incentive program within the Montgomery County Police Department (MCPD).² Under the program, an individual or private organization could apply to MCPD to receive a voucher or rebate to offset the cost of purchasing a security camera on their property, if it is located within a “priority area” designated by the Police Chief. As noted in the Bill, “The amount of a rebate or voucher under the program must not exceed the *purchase cost* of a security camera [emphasis added].” Thus, the program would not cover the installation cost.

Primary Economic Stakeholders

By establishing a subsidy for the purchasing cost of security cameras, Bill 14-22 would primarily impact the following stakeholders in terms of certain economic indicators prioritized by the Council:

- residents and private organizations that receive a rebate/voucher for purchasing security cameras;

¹ Wellons, Christine to County Council, [Memorandum](#).

² Bill [14-22](#).

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- County-based businesses that sell and/or install security cameras to clients who otherwise would not have patronized them in the absence of the change in law; and
- *if the Bill achieved its goal of deterring property crime*, residents and private organizations who do not incur economic costs from deterred property crimes.³

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess Bill 14-22's impacts on County-based private organizations and residents in terms of the Council's priority economic indicators.⁴

The Bill would involve a transfer from the County to certain residents and private organizations. As discussed below, this transfer could economically impact certain residents and private organizations in three ways:

1. Cover the purchasing cost of security cameras;
2. Increase demand for security camera purchases and/or installations from County businesses; and
3. Reduce economic costs from deterred property crimes.

In this analysis, OLO accomplishes the following analytical objectives: First, this analysis identifies how these potential economic impacts could affect the primary economic stakeholders in terms of the indicators prioritized by Council. Second, this analysis assesses the conditions under which these impacts could result in a net increase and net decrease in economic activity in the County. OLO does not offer a prediction of the net economic impact of the Bill because of important regulatory/programmatic details that would be established later (e.g., definition of "priority areas") and uncertainty regarding critical economic factors (e.g., average cost of security cameras). Also note this analysis does not account for the economic impacts of alternative government spending with revenues used to fund the security camera incentive program.

To accomplish these objectives, OLO relies on the following sources of information:

1. OMB's fiscal impact statement for Bill 14-22

2. Systematic Review: This analysis also draws on findings from a systematic review of the primary research on the impact of closed-circuit television (CCTV) surveillance cameras on property crimes. A systematic review provides a critical appraisal of the primary research on a specific topic using explicit and reproducible procedures and standards.⁵ As a

³ Cohen, [The Cost of Crime and Justice](#).

⁴ Montgomery County Code, [Sec. 2-81B](#).

⁵ Guides.temple.edu, [Systematic Reviews & Other Review Types](#); Perić and Tanveer, "[Why systematic reviews matter](#)."

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valuable tool for evidenced-based policy analysis,⁶ a systematic review can indicate the extent to which there is high-quality evidence demonstrating a policy's effect on outcomes.

Using the Google Scholar database,⁷ OLO identified the following systematic review of the peer-reviewed literature on paid parental leave policies:

Piza, Eric L, et al, "[CCTV surveillance for crime prevention: A 40-year systematic review with meta-analysis](#)," *Criminology & Public Policy* 2019: 135-159.

OLO selected the 2018 systematic review for two reasons. First, it is the most recent systematic review on the impact of security cameras on property crime. The authors reviewed a total of 76 studies on the crime deterring effects of security cameras between 2007 and 2017. Second, OLO is confident in the systematic review's conclusions given its focus on identifying studies that use experimental and quasi-experimental methods⁸ These are distinguished from standard regression approaches by their ability to better identify the causal effects of a policy intervention from outcomes correlated with, but unrelated to, the intervention due to unmeasured confounding and other threats to causal inference. Thus, the authors' conclusions from the systematic review are based on high-quality empirical studies.

VARIABLES

The primary variables that would affect the economic impacts of enacting Bill 14-22 are the following:

- Total annual value of vouchers/rebates;
- Percentage of security cameras imported from businesses outside the County; and
- Total economic costs from crime in priority areas.

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 enacting Bill 14-22 would have positive impacts on certain private organizations in the County in terms of operating costs and income. Establishing a private security camera incentive program could impact these indicators in three ways:

⁶ Haddaway and Pullin, "[The Policy Role of Systematic Reviews](#)."

⁷ The article was identified using the following search term: "cctv" and "systematic review"

⁸ The quasi-experimental methods used are difference-in-difference, regression discontinuity, and pre-post and interrupted time series design. Three of the papers used only model-based approaches.

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1. Cover the purchasing cost of security cameras: Private organizations that use the voucher/rebate to purchase a security camera would experience a net decrease in operating costs associated with security. In its fiscal impact statement, OMB found, “The purchase price of an outdoor surveillance system varies significantly based on technology and can range from \$50 to \$3,000.” OMB assumed security cameras purchased for private use would cost \$350. Based on OMB’s analysis, OLO expects the Bill to reduce net operating costs for private organizations who use the voucher/rebate between \$50 and \$3,000 per camera, with the average per camera savings being closer to the low point.

2. Increase demand for security camera purchases and/or installations from County businesses: By covering the purchasing cost of security cameras, the Bill likely would result in security camera purchases and installations that otherwise would not have occurred in the absence of an incentive program. While many residents and private organizations likely would purchase security cameras from vendors based outside the County, in particular online retailers, some would use County-based businesses to purchase and/or install security cameras. Holding all else equal, these County-based businesses would experience a net increase in business income.

3. Reduce economic costs from deterred property crimes: Bill 14-22 could also impact certain private organizations by reducing economic costs associated with property crime.

The 2019 systematic review concluded that CCTV surveillance cameras are “associated with a significant and modest decrease” in property, vehicle, and drug crimes (not violent or “disorder” crime). However, the effectiveness of the technology depends on the following factors:

- *Type of CCTV security cameras* – The results are significant only for CCTV cameras with “active monitoring” capabilities—that is, when a third-party monitoring operator will respond when the camera sees certain activity. The systematic review found no statistically significant effect for “passive monitoring” cameras in which no third-party is notified.
- *Setting* – The results are significant for parking lots/garages as well as residential areas, not city centers or public transport.
- *Complementary interventions* – CCTV security cameras are most effective when used with multiple interventions.
- *Geography* – The study found no significant effects in the United States. However, this may be a result of U.S.-based studies having given little attention to the impacts of CCTV cameras on crime in parking lots/garages and the effects of technology when coupled with multiple interventions.

Based on these findings, OLO anticipates that Bill 14-22 likely would result in negligible to, at best, modest reductions in the economic costs associated with property crimes.

Beyond these potential impacts, OLO does not expect the Bill to affect private organizations in terms of the Council’s other priority indicators.

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Residents

OLO anticipates that enacting Bill 14-22 would have positive impacts on certain residents in the County in terms of discretionary household income.

By covering the purchasing cost of security cameras, the Bill would reduce discretionary household expenses for certain residents. Holding all else equal, these residents would experience a net increase in discretionary income. In addition, Bill 14-22 could reduce economic costs of crime for certain residents. However, the findings of the 2019 systematic review suggest that the cost reduction would be negligible to, at best, modest.

Beyond this potential impact, OLO does not expect the Bill to affect residents in terms of the Council's other priority indicators.

Net Impact

Bill 14-22 likely would have both positive and negative impacts on economic conditions in the County.

As previously discussed, the Bill's potential positive economic impacts would occur through covering purchasing costs of security cameras to residents and private organizations, increasing security camera sales and installations from County-based businesses, and reducing the economic costs of crime.

The Bill's potential negative economic impacts would occur through residents and private organizations using the voucher/rebate to purchase security cameras from vendors based outside the County. Of the total annual amount of County revenues used to fund the program, the portion used to import security cameras would result in a capital outflow. While OLO cannot estimate the amount of capital outflow, it is expected to be significant due to the likelihood of many residents and private organizations using online retailers to acquire security cameras.

It is uncertain the extent to which the economic benefits of Bill 14-22 would mitigate—and perhaps outweigh—the economic costs from the capital outflow it would induce.

DISCUSSION ITEMS

Given the likelihood that the private security camera incentive program would result in a negligible to, at best, modest reduction in the economic costs of crime, the Council may want to consider requiring MCPD to conduct a randomized controlled trial of the program to assess whether its economic benefits would be sufficient to outweigh the capital outflow the program likely would induce.

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In addition, to limit potential capital outflow, the Council may want to consider restricting the use of the voucher/rebate to purchase security cameras from County-based businesses. The Reforest Montgomery coupon, in which participating businesses are all based in the County, offers a potential model for Councilmembers to consider.⁹

WORKS CITED

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Guides.temple.edu. [Systematic Reviews & Other Review Types](#). Temple University Libraries.

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Piza, Eric L, et al. "[CCTV surveillance for crime prevention: A 40-year systematic review with meta-analysis](#)." *Criminology & Public Policy* 2019: 135-159.

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Wellons, Christine to County Council. [Bill 14-22, Police – Private Security Camera Incentive Program – Established](#). June 9, 2022.

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.

⁹ See Montgomeryplanning.org, [Native Tree Discount](#).