

# Economic Impact Statement

Montgomery County, Maryland

## Bill 42-23

## Health and Sanitation – Menstrual Products in Public Restrooms – Required

### SUMMARY

OLO anticipates that Bill 42-23 would have a negative impact on overall economic conditions in the County in terms of the Council’s priority economic indicators. By requiring places of public accommodation, such as restaurants, hotels, and retail stores, to provide access to free menstrual products in their restrooms, the Bill likely would have a negative impact on businesses. Certain businesses would experience an increase in operating expenses associated with the one-time cost of purchasing and installing menstrual product dispensers and/or the recurring expense of stocking menstrual products. Higher operating expenses would decrease business income, holding all else equal. In doing so, the Bill would increase the cost of doing business in the County and may undermine the County’s reputation as a “friendly business environment.” However, certain businesses likely would mitigate the negative impact by passing-through costs for providing free menstrual products in their restrooms onto customers in the form of higher prices.

The Bill likely would have a neutral impact on residents. On the one hand, higher prices from certain businesses would minimally increase household expenses for certain residents, holding all else equal. On the other hand, for residents who use free menstrual products as a partial substitute for paid menstrual products, the Bill would minimally reduce nondiscretionary expenses, holding all else equal.

### BACKGROUND AND PURPOSE OF BILL 42-23

Period poverty refers to “inadequate access to menstrual products, education, and sanitation facilities.”<sup>1</sup> Globally, the World Bank estimates 500 million people lack access to menstrual products and adequate facilities for managing menstrual hygiene.<sup>2</sup> Several studies suggest that period poverty is also a considerable issue in the United States, especially among low-income people.<sup>3</sup> The Alliance for Period Supplies calculates that state legislatures are currently considering 151 bills “related to period products, menstrual health, equity, access, and/or taxation.”<sup>4</sup>

The purpose of Bill 42-23, the Menstrual Products Access and Equity Act, is to require places of public accommodation such as restaurants, hotels, and retail stores to provide access to free menstrual products in their restrooms.<sup>5</sup> If enacted, Bill 42-23 would only apply to places of public accommodation that are required by law to provide restroom facilities to customers or the public.<sup>6</sup>

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<sup>1</sup> “Period Poverty: A Neglected Public Health Issue.”

<sup>2</sup> “Menstrual Health and Hygiene.”

<sup>3</sup> Kruperman, “Period Poverty in the United States.”

<sup>4</sup> Menstrual Equity Legislation.

<sup>5</sup> “Introduction Staff Report for Bill 42-23.”

<sup>6</sup> “Councilmember Will Jawando Introduces Bill to Improve Menstrual Equity in Montgomery County.”

Violation of Bill 42-23's requirements would be a Class A violation.<sup>7</sup> The Bill was introduced with a companion resolution that would adopt provisions of the Bill as a Board of Health Regulation.

The Council introduced Bill 42-23, Health and Sanitation – Menstrual Products in Public Restrooms – Required, on November 14, 2023.

## INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess, both, the impacts of Bill 42-23 on residents and private organizations in terms of the Council's priority economic indicators and whether the Bill would have a net positive or negative impact on overall economic conditions in the County.<sup>8</sup>

While there is growing literature on period poverty and menstrual equity, OLO was unable to identify *impact evaluations* on the economic effects of requiring places of public accommodation to provide free menstrual products in restrooms. Impact evaluations are a core tool of evidence-based policymaking. They strive to answer cause-and-effect questions regarding the impact of a policy or program on a specific outcome(s).<sup>9</sup>

To assess the Bill's impacts on the Council's priority indicators, OLO performs a qualitative assessment based on peer-reviewed articles and policy briefs on period poverty.<sup>10</sup> Drawing on these sources of information, this analysis examines the policy's effects on aggregate demand for *paid* menstrual products and cost pass-through, i.e., the effect of a change in cost on the price of goods or services a business sells.<sup>11</sup>

## VARIABLES

The primary variables that would affect the economic impacts of enacting Bill 42-23 are the following:

- Substitution rate for free and paid menstrual products; and
- Pass-through rate.

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<sup>7</sup> Montgomery County Code, Sec. 1-19.

<sup>8</sup> Montgomery County Code, Sec. 2-81B.

<sup>9</sup> Gertler et al., *Impact Evaluation in Practice, Second Edition*.

<sup>10</sup> "Difference between Peer-Reviewed Literature and Material like White Papers and Policy Briefs."

<sup>11</sup> RBB Economics, "Cost Pass-Through."

# IMPACTS

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

## Residents

OLO anticipates that enacting Bill 42-23 would have a neutral impact on certain residents in the County in terms of the Council’s priority economic indicators.

The Bill primarily would impact residents who menstruate under certain circumstances. As described by Elizabeth Montano in her article in the University of Miami Law Review, “Like toilets and toilet paper, menstrual hygiene products are necessary to effectively and sanitarily manage natural and unavoidable bodily functions.”<sup>12</sup> Yet, unlike toilets and toilet paper, menstrual hygiene products are largely not provided in restrooms. Because many people who menstruate “will unexpectedly start their period while in public without the necessary menstrual hygiene products,” Montano explains, “these individuals must frantically search for someone who not only has the products, but who is also willing to share the products. If they fail in this search, or are too humiliated to even try, these individuals must resort to unsanitary and dangerous alternative methods.”<sup>13</sup>

By requiring places of public accommodation, such as restaurants, hotels, and retail stores, to provide access to free menstrual products in their restrooms, the Bill would prevent certain residents who menstruate from experiencing the challenging situation Montano describes. Importantly, for certain residents, attaining *free* menstrual products in restrooms likely would not affect their aggregate demand for *paid* menstrual products. For instance, certain people who menstruate may use free menstrual products as a temporary measure that does not replace the total number of paid products they would otherwise purchase. However, for certain residents, having access to free menstrual products in places of public accommodation would decrease their aggregate demand for paid menstrual products over the long-term. Holding all else equal, these residents would experience a minor net decrease in nondiscretionary expenses and increase in income.

The Bill would be particularly helpful for certain low-income residents frequenting places of public accommodation in the County. In fact, studies have found that many low-income people who menstruate have trouble affording menstrual products, must choose between purchasing food and purchasing menstrual products, face transportation obstacles (time and cost) to reaching stores that sell larger quantities of menstrual products at more affordable prices, and experience other barriers.<sup>14</sup>

While the Bill likely would benefit certain residents, it likely would have a minor negative impact on customers of certain places of public accommodation. As explained below, certain businesses likely would pass on a portion of the costs for

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<sup>12</sup> Montano, “The Bring Your Own Tampon Policy.”

<sup>13</sup> Ibid.

<sup>14</sup> Sebert Kuhlmann et al., “Unmet Menstrual Hygiene Needs Among Low-Income Women”; Dave et al., “An Overview of Period Poverty and the Public Health Impact of Providing Free Feminine Hygiene Products”; Krumpnerman, “Period Poverty in the United States.”

providing free menstrual products in their restrooms in the form of higher prices for their goods and services. Holding all else equal, higher prices would minim increase household expenses and reduce income.

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

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

OLO anticipates that enacting Bill 42-23 would have a negative impact on certain private organizations in the County in terms of the Council's priority economic indicators.

The Bill applies to places of public accommodation. Under County law, a place of public accommodation is defined as:

1. restaurants, soda fountains, and other eating or drinking places, and all places where food is sold for consumption either on or off the premises;
2. inns, hotels, and motels, whether serving temporary or permanent patrons;
3. retail stores and service establishments;
4. hospitals, health care institutions, domiciliary care homes, nursing homes, personal care homes, and clinics;
5. motion picture, stage, and other theaters and music, concert, or meeting halls;
6. circuses, exhibitions, skating rinks, sports arenas and fields, amusement or recreation parks, picnic grounds, fairs, bowling alleys, golf courses, gymnasiums, shooting galleries, billiard and pool rooms, and swimming pools;
7. public conveyances, such as automobiles, buses, taxicabs, trolleys, trains, limousines, boats, airplanes, and bicycles;
8. utilities, such as water and sewer service, electricity, telephone, and cable television;
9. streets, roads, sidewalks, other public rights-of-way, parking lots or garages, marinas, airports, and hangars; and
10. places of public assembly and entertainment of every kind.<sup>15</sup>

As evident from this list, requiring places of public accommodation to provide access to free menstrual products in their restrooms would affect businesses in a wide range of industries. In particular, these businesses would experience an increase in operating expenses associated with the one-time cost of purchasing and installing menstrual product dispensers and/or the recurring expense of stocking menstrual products. Holding all else equal, higher operating expenses would decrease business income.

OLO expects the negative impacts to be partially mitigated by cost pass-through. Certain businesses likely would pass through a portion of the costs to customers in the form of higher prices for their goods and services. Empirical studies indicate there are differences in the extent to which firms can pass through costs.<sup>16</sup> Thus, it is likely certain businesses would be better able to recoup the costs of providing free menstrual products in restrooms than other businesses.

Finally, the Bill may also impact local retailers who sell menstrual products. Businesses may be more likely to procure menstrual products in bulk through suppliers based outside the County than people who menstruate. If so, the provision of free menstrual products may reduce aggregate demand for menstrual products sold by local retailers.

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<sup>15</sup> Montgomery County Code, Sec. 27-10.

<sup>16</sup> RBB Economics, "Cost Pass-Through."

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

## Net Impact

OLO anticipates that enacting Bill 42-23 would have a negative impact on overall economic conditions in the County in terms of the Council's priority economic indicators. By requiring places of public accommodation, such as restaurants, hotels, and retail stores, to provide access to free menstrual products in their restrooms, the Bill likely would negatively impact businesses. Certain businesses would experience an increase in operating expenses associated with the one-time cost of purchasing and installing menstrual product dispensers and/or the recurring expense of stocking menstrual products. Higher operating expenses would decrease business income, holding all else equal. In doing so, the Bill would increase the cost of doing business in the County and may undermine the County's reputation as a "friendly business environment." However, certain businesses likely would mitigate the negative impact by passing-through costs for providing free menstrual products onto customers in the form of higher prices for goods and services.

The Bill likely would have a neutral impact on residents. On the one hand, because certain businesses likely would pass-through costs onto customers, the Bill likely would minimally increase household expenses for certain residents, holding all else equal. On the other hand, for residents who use free menstrual products as a partial substitute for paid menstrual products, the Bill likely would minimally reduce nondiscretionary expenses, holding all else equal.

## DISCUSSION ITEMS

Not applicable

## WORKS CITED

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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.

## AUTHOR

Stephen Roblin (OLO) prepared this report.