

Economic Impact Statement

Montgomery County, Maryland

Bill 3-24

Late Night Establishments – Hours of Operation

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Bill 3-24 would have a negative impact on economic conditions in the County in terms of the Council’s priority economic indicators. By limiting the hours of operation for hookah lounges, tobacco shops, and vape shops in the County, the Bill may decrease revenues and income for certain businesses whose hours of operation currently extend beyond these limits. Also, the restrictions may reduce work hours for certain residents employed by these businesses, which could lower household income.

BACKGROUND AND PURPOSE OF BILL 3-24

Bill 3-24 is intended to address public safety concerns, which has “increased significantly because of late night hookah establishments.”¹ According to data from the Montgomery County Police Department (MCPD), there has been an increase in the number of arrests and excess overtime expenditure for the police department. Other jurisdictions in Maryland, including Baltimore County and Prince George’s County, have passed similar legislation restricting the operating hours for hookah lounges.²

Bill 3-24 would define what a hookah lounge is and set restrictions on the operating hours for certain late night establishments, including hookah lounges, tobacco shops, and vape shops, to mirror the hours of operation with establishments where alcohol is consumed, such as bars.

Specifically, the hours where patrons are allowed to smoke, vape, or use hookah pipes in a hookah lounge, tobacco or vape shop would be:

- Monday through Thursday, from 9 A.M. to 2 A.M. on the following day;
- Friday and Saturday, from 9 A.M. to 3 A.M. the following day; and
- Sunday from 9 A.M. to 2 A.M. the following day; however in the case of the following day being a federal holiday, the hours are from 9 A.M. to 3 A.M.

Any owner that operates after the permitted hours would be subject to a Class A penalty, which is \$500 for the initial offense and \$750 for each repeated offense.

Bill 3-24, Late Night Establishments – Hours of Operation was introduced by the County Council on February 13, 2024.³

¹ “Introduction Staff Report for Bill 3-24.”

² Ibid.

³ Ibid.

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 3-24 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.⁴

Using Google maps, OLO viewed the hours of operation of certain hookah lounges, tobacco shops, and vape shops in the County to determine if there are businesses whose hours of operation currently extend beyond these limits.

VARIABLES

The primary variables that would affect the economic impacts of enacting Bill 3-24 are the following:

- Hours of operation; and
- Business revenue.

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 3-24 would have negative impacts on certain private organizations in the County in terms of the Council's priority economic indicators.

Using Google maps, OLO viewed the hours of operation of certain hookah lounges, tobacco shops, and vape shops in the County. OLO identified several businesses whose hours of operation currently extend beyond these limits. By limiting the hours of operation for these businesses, the Bill may decrease revenues, which, holding all else equal, would reduce business profits.

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

Residents

OLO anticipates that Bill 3-24 may have negative impacts on certain residents in the County in terms of the Council's priority economic indicators.

Limiting the hours of operation of certain hookah lounges, tobacco shops, and vape shops may reduce work hours for certain residents employed by these businesses. Holding all else equal, fewer hours would reduce household income.

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

⁴ Montgomery County Code, Sec. 2-81B, Economic Impact Statements.

Net Impact

OLO anticipates that enacting Bill 3-24 would have a negative impact on economic conditions in the County in terms of the Council's priority economic indicators. By limiting the hours of operation of certain hookah lounges, tobacco shops, and vape shops in the County, the Bill may decrease revenues and income of businesses whose hours of operation currently extend beyond these limits. In addition, the restrictions may reduce work hours for certain residents employed by these businesses, which may reduce household income.

DISCUSSION ITEMS

Not applicable

WORKS CITED

["Introduction Staff Report for Bill 3-24, Late Night Establishments – Hours of Operation."](#) Montgomery County Council. February 13, 2024.

Montgomery County Code. [Sec. 2-81B, Economic Impact Statements.](#)

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.