

Economic Impact Statement

Montgomery County, Maryland

Expedited Bill 14-25: Special Capital Improvements Project – Clarksburg Library (P710500)

SUMMARY

The Office of Legislative Oversight (OLO) anticipates that enacting Expedited Bill 14-25 would have a positive impact on economic conditions in the County in terms of the Council's priority economic indicators. By authorizing the special appropriation for the Clarksburg Library project within the FY25-30 Capital Improvements Program (CIP), the Bill would permit the County to finance the project primarily through General Obligation (G.O.) bonds, supplemented by recordation tax premiums and state aid.

The Bill would directly affect certain County businesses engaged in the planning, design, and construction of the Clarksburg Library, particularly through the County's Local Small Business Reserve Program (LSBRP). If LSBRP applies to the project, local businesses could receive at least \$8.4 million in contracts over its duration. Participating businesses would likely experience increased revenues and business incomes. In addition, the Bill may indirectly benefit other County businesses by generating a multiplier effect, as spending on the library's construction stimulates additional local economic activity.

Finally, with 58 to 80 percent of County workers also residing locally and local employment requirements in place, a substantial portion of the project's workforce may be County residents. Project-related employment could raise household incomes for County residents through increased wages and job opportunities.

BACKGROUND AND PURPOSE OF EXPEDITED BILL 14-25

The Montgomery County Charter requires the County Executive to prepare, and the Council to adopt, a biennial Capital Improvements Program (CIP).¹ The CIP is a six-year plan for long-term investments in County facilities and infrastructure, commonly referred to as "capital projects" such as schools, transportation systems, and libraries. The CIP can be amended between biennial updates to address changing needs and priorities. The annual Capital Budget, also developed by the County Executive and approved by the Council, provides yearly appropriations for capital projects and must be consistent with the CIP.² County law further requires the Council to individually authorize any project in the Capital Budget and CIP, called a "special capital improvement project," if the locally funded cost exceeds a certain threshold—currently \$25,190,000 in FY26 dollars.³

The purpose of Expedited Bill 14-25 is to authorize the planning, design, and construction of a new library in Clarksburg.⁴ The Executive's justification for the project is stated in the project description form:

¹ Montgomery County Charter, "[Sec. 302. Six-Year Programs for Public Services, Capital Improvements, and Fiscal Policy](#)"; Montgomery County Maryland Operating Budget, "[Capital Improvements Program \(CIP\)](#)."

² Montgomery County Charter, "[Sec. 303. Capital and Operating Budgets](#)."

³ Montgomery County Code, "[Sec. 20-1. Authorization of Special Capital Improvement Projects by Law](#)."

⁴ [Introduction Staff Report for Expedited Bill 14-25](#).

“The Clarksburg population is expected to increase from 13,766 in 2010 to almost 40,000 by 2025. The closest library is the Germantown branch, which opened in 2007. The library will serve as the community connection hub to ideas, learning, and the exchange of information. It will improve the community through facilitating knowledge creation, informing the community, and inspiring lifelong learning and collaboration.”⁵

The Clarksburg Library project is estimated to cost \$33,580,000, as included in the FY26 Capital Budget and Amendments to the FY25-30 CIP.⁶ The Executive must attain Council authorization to proceed with the project because its cost exceeds the local funding threshold.⁷

The Council introduced Expedited Bill 14-25, Special Capital Improvements Project – Clarksburg Library, on behalf of the County Executive on May 22, 2025.

INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

As required by Sec. 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Expedited Bill 14-25 on residents and private organizations in relation to Council’s priority economic indicators. In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.⁸

Scope: By authorizing the special appropriation for the Clarksburg Library project within the FY25-30 CIP, the Bill would permit the County to finance the project primarily through General Obligation (G.O.) bonds, supplemented by recordation tax premiums and state aid.¹⁰ This analysis focuses on analyzing the economic impacts to County businesses and residents that would be involved in the planning, design, and construction phases of the Clarksburg Library project.

This analysis does not evaluate the potential economic impacts associated with alternative uses of the funds allocated to the project, nor does it consider the opportunity cost of County revenues required to service the principal and interest on the G.O. bonds over time.

What Are General Obligation (G.O.) Bonds?

G.O. bonds are a form of municipal bond. Municipal bonds are “debt securities” issued by governmental entities, typically to finance capital projects. Purchasers of municipal bonds, whether individual or institutional, effectively lend money to the issuing government in exchange for a promise of regular interest payments and the return of the principal (i.e., the original investment). G.O. bonds are distinct from other types of municipal bonds because they are backed by the “full faith and credit” of the issuing government, which has the authority to levy taxes to repay bondholders.⁹

Methodology/Information Sources: This analysis provides a qualitative assessment of the potential economic impacts of the Bill based on data presented in the introduction staff report and established concepts from Input-Output economic analysis. It also considers the County’s local business participation requirements for capital

⁵ Ibid.

⁶ See Expenditure Schedule in [Introduction Staff Report for Expedited Bill 14-25](#).

⁷ Introduction Staff Report for Expedited Bill 14-25.

⁸ Montgomery County Code, “[Sec. 2-81B, Economic Impact Statements](#).”

⁹ U.S. Securities and Exchange Commission, “What Are Municipal Bonds,” April 6, 2023, <https://www.sec.gov/munied>; U.S. Securities and Exchange Commission, “[Bonds](#).”

¹⁰ According to the project description form, GO bonds would fund approximately 90 percent of the total project cost, or \$30.36 million of the \$33.58 million total. See Introduction Staff Report.

projects. In addition, to inform projections of local employment on the project, the analysis uses data from the U.S. Census Bureau’s American Community Survey (ACS) for 2019–2023 to estimate the share of workers employed in the County who also reside locally.

VARIABLES

The primary variables that would affect the economic impacts of enacting Expedited Bill 14-25 are the following:

- Percentage of County-based businesses involved in the project; and
- Percentage of resident workers involved in the project.

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 Expedited Bill 14-25 would positively impact certain private organizations in the County in terms of the Council’s priority economic indicators.

The Bill would directly affect certain County businesses engaged in the planning, design, and construction of the Clarksburg Library, particularly through the County’s Local Small Business Reserve Program (LSBRP). LSBRP requires the County to award 25 percent of procurements for goods, services, and construction to registered and certified local small businesses.¹¹ If LSBRP applies to the project, local businesses could receive at least \$8.4 million in contracts over the course of the project.

As shown in **Table 1**, most expenditures—75% or \$25.1 million—would go toward construction and planning, design, and supervision, consequently, many of the County businesses participating as prime or subcontractors would likely be within the nonresidential construction industry.

Table 1. Expenditure Schedule for the Clarksburg Library project

Category	Amount (\$ million)	% of Total Expenditures
Planning, Design, and Supervision	\$4.9	15%
Land	\$3.1	9%
Site Improvements and Utilities	\$2.4	7%
Construction	\$20.2	60%
Other	\$3.0	9%
Total Expenditures	\$33.6	100%

¹¹ Montgomery County Office of Procurement, “[Local Small Business Reserve Program \(LSBRP\)](#).”

Local businesses participating in the project would likely experience increased revenues, leading to higher business incomes, assuming other factors remain constant. Certain businesses may also expand their workforces to meet the project's labor demands, supporting local employment growth, as discussed below.

Furthermore, the Bill may indirectly benefit other County businesses. Spending on planning, design, and construction phases of the Clarksburg Library would likely generate a multiplier effect, where initial local government expenditures induce subsequent rounds of spending that would positively impact various economic indicators.¹² To illustrate, constructing the library would increase income for certain workers directly involved in the project, potentially increasing their demand for local goods and services. Higher demand, in turn, could raise revenues and incomes for other businesses in the County.

Although data limitations prevent OLO from quantifying the multiplier effect of the Clarksburg Library project, it is important to note the magnitude of this effect would depend largely on the degree of participation by County-based businesses and workers.¹³

Beyond these potential impacts, OLO does not anticipate that the Bill would affect other private organizations in the County in terms of the Council's priority economic indicators.

Residents

OLO anticipates that Expedited Bill 14-25 would positively impact certain residents in the County in terms of the Council's priority economic indicators.

OLO does not know the firms likely to be engaged in the Clarksburg Library project, nor the residence of their workers. However, Census data suggests that many may reside locally, especially for businesses based in the County.

Figure 1 uses data from the Census Bureau's American Community Survey (ACS) for 2019 to 2023 to estimate the percentage of individuals (aged 16 and older) who work within a Census tract in the County and also live in the County.

Across the County, the share of workers who also reside locally ranges from 58 to 80 percent. These data and the County's local employment requirements (see above) suggest that a substantial portion of the workforce involved in the project may be County residents.

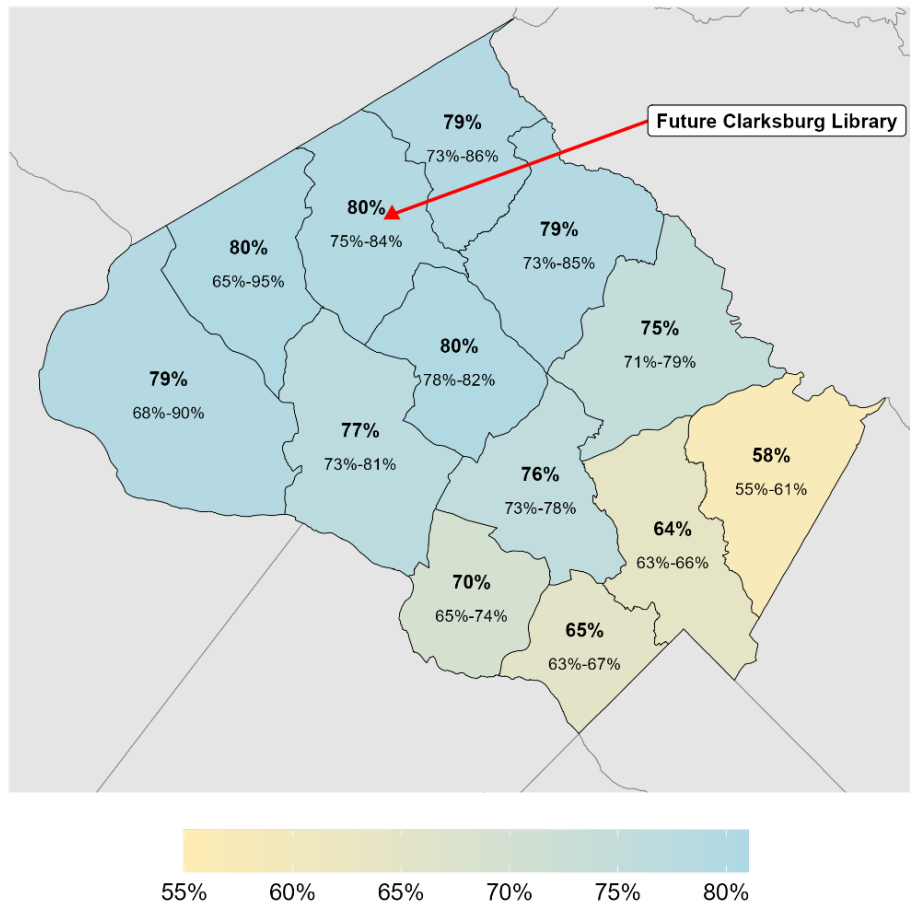
Project-related employment could raise household incomes for County residents through increased wages and job opportunities.

Beyond this, OLO does not expect the Bill to substantially affect residents in terms of other priority indicators.

¹² U.S. Bureau of Economic Analysis, [RIMS II](#).

¹³ Using a "Bill of Goods" approach would require a great deal of information unavailable to OLO—for example, knowing the specific inputs that would be used in the planning, design, and construction of the Clarksburg Library project and local industries involved in the supply of goods and services required to complete the project.

Figure 1. Percentage of Workers Aged 16 and Older Employed Within the County of Residence by Census Tract¹⁴



Net Impact

OLO anticipates that enacting Expedited Bill 14-25 would have a positive impact on overall economic conditions in the County in terms of the Council's priority economic indicators.

As previously discussed, If LSBRP applies to the project, local businesses could receive at least \$8.4 million in contracts over the course of the Clarksburg Library project. Participating businesses would likely experience increased revenues and business incomes. In addition, spending on the library's construction would indirectly benefit other County businesses by stimulating additional local economic activity.

Furthermore, OLO anticipates that a substantial portion of the project's workforce may be County residents. Project-related employment could raise household incomes for County residents through increased wages and job opportunities.

¹⁴ U.S. Census Bureau, *American Community Survey, 5-Year Estimates (2023)*, Table B08007, "[Sex of Workers by Place of Work--State and County Level](#)," accessed January 3, 2025. For details on how the Census measures an individual's place-of-work, see "Journey to Work" section in "[American Community Survey and Puerto Rico Community Survey 2022 Subject Definitions](#)" (U.S. Census Bureau, 2022); and questions 30 and 31 in the "[2024 American Community Survey Questionnaire](#)" (U.S. Census Bureau).

DISCUSSION ITEMS

Not applicable

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.