

# Economic Impact Statement

Montgomery County, Maryland

## Bill 18-25, Forest Conservation – Trees

### Summary

The Office of Legislative Oversight (OLO) anticipates that Bill 18-25 would have a positive impact on economic conditions in the County, as measured by the Council's priority economic indicators. The Bill would remove afforestation requirements for utility-scale solar voltaic facilities. By doing so, the policy change would likely reduce operating expenses for solar development companies. All else being equal, lower operating expenses would increase net business income for affected firms. However, a cost model using project cost estimates from a recent County utility-scale solar development, shows that afforestation costs account for less than 1% of total project costs. Thus, while the Bill would likely produce savings for developers, these reductions are expected to be marginal relative to overall project expenditures.

### Background and Purpose of Bill 18-25

The Forest Conservation Act is a state law that was enacted in 1991. The law aims "to conserve forest cover on development sites by establishing rules that minimize the loss of existing forests and, in some cases, replenish forest that has been lost to development activities in the past."<sup>1</sup> Between 1993 and 2012, the Forest Conservation Act led to the retention of 189,803 acres of forest and the planting of 33,075 acres of forest across local jurisdictions in Maryland.<sup>2</sup>

In 2024, major changes went into effect for the statewide Forest Conservation Act, which was first established in 1991.<sup>3</sup> These changes established more stringent forest conservation standards and required local governments to comply with state forest conservation requirements or demonstrate that local regulations have resulted in no net loss of forests due to development over a four year period. Some of the changes include:

- Setting a statewide goal to increase the acreage of forested land and tree canopies;
- Increasing replanting ratio requirements for developers to replant each acre of forest cleared for development (in most cases); and
- Requiring regular reviews of local forest conservation plans by Maryland's Department of Natural Resources to ensure local plans align with state goals.<sup>4</sup>

Bill 18-25 seeks to update the County Forest Conservation Law and Regulations to align the County Code with the statewide Forest Conservation Act. To do so, the Bill recommends the following changes:

- Defining what a solar photovoltaic facility is in the County Code;
- Removing the afforestation requirements for solar photovoltaic facilities, which is required by state law;

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<sup>1</sup> ["A Citizen's Guide to the Forest Conservation Act in Maryland," Chesapeake Bay Foundation, June 2004, pg. 5.](#)

<sup>2</sup> ["Maryland's Forest Conservation Act: 25-Year Review," Maryland Forest Service and Maryland Department of Natural Resources, pgs. 4-5.](#)

<sup>3</sup> [Legislation - SB0526](#)

<sup>4</sup> [Legislation - SB0526](#)

- Adding four new categories to the priorities of forest retention as outlined by state law which include urban forest retention, water quality, and forests suitable for “forest interior-dwelling species”; and
- Removing significant trees from the Tree Save Plan requirements, which includes trees part of a historic site or associated with a historic structure and trees of a certain height and diameter as outlined in County regulations.<sup>5</sup>

Bill 18-25 would also reinstate forest mitigation retention banks or existing forest banks. These were previously eliminated by a state law passed in 2021.<sup>6</sup> Retention banks allow developers to purchase credits that protect existing forests instead of replanting trees after clearing a forested area. Two acres of retention bank credit equals one acre of planted forest.<sup>7</sup> However, in accordance with state law, the Bill would allow only 50 percent of the replanting requirement to be met via retention bank credits. The other 50 percent would need to be fulfilled by replanting trees according to the County’s Forest Conservation Law.<sup>8</sup>

The Council President introduced Bill 18-25, Forest Conservation – Trees, at the request of the Planning Board on June 17, 2025.

## Information Sources, Methodologies, and Assumptions

As required by 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Bill 18-25 on residents and private organizations, using the Council’s priority economic indicators as the measure. In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.<sup>9</sup>

Bill 18-25 would have little effect on the Planning Department’s existing policy or programs, as the Department already implements most of the proposed requirements. However, the Bill introduces two changes that would impact the Department’s actions:

- removing afforestation requirements for utility-scale solar voltaic facilities; and
- reinstating forest mitigation banks.<sup>10</sup>

This analysis focuses on these proposed changes.

**Cost Model:** To estimate their potential economic impacts, OLO presents a cost model for a hypothetical utility-scale solar development project. The purpose of the model is to provide reasonable estimates for how much the Bill could reduce forest mitigation costs for a project and indicate the percentage of these savings relative to the total project costs.

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<sup>5</sup> [Montgomery County Council - Legislative Information Management System – bill details](#)

<sup>6</sup> There are two types of forest mitigation banks in Maryland: those that protect existing forest (retention banks) and those where new trees are planted (planted banks). In 2021, the Maryland General Assembly passed a law that halted the creation of new retention banks and allowed existing ones to sell credits only until June 30, 2024. From [Aditi Dubey, “Replace or protect? A core issue in forest mitigation banking,” Bay Journal, December 13, 2023.](#)

<sup>7</sup> [Purchasing Credits from a Forest Mitigation Bank, Montgomery Planning.](#)

<sup>8</sup> Introduction Staff Report for Bill 18-25.

<sup>9</sup> Montgomery County Code, Sec. 2-81B, Economic Impact Statements, Montgomery County Code. [https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco\\_md/0-0-0-80894](https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco_md/0-0-0-80894).

<sup>10</sup> Kaitlyn Simmons, [Climate Assessment: Bill 18-25, Forest Conservation – Trees](#), Office of Legislative Oversight, July 8, 2025.

The cost model is based on the following information:

- The total project cost is **\$14,000,000**. This figure is based on the Chaberton Solar project in Poolesville, Maryland. The project, recently approved by the Planning Board, will consist of an 11-acre, 3.0 MW solar array developed by Chaberton Energy, a Rockville-based solar company.<sup>11</sup>
- A proxy of the forest mitigation costs is **\$67,518 per acre**. This figure is based on the County's afforestation fee-in-lie rate of \$1.55 per square foot.<sup>12</sup>
- Forest mitigation is required for **1 to 2 acres**.

## Variables

The primary variable that would affect the economic impacts of enacting Bill 18-25 is the average cost of complying with afforestation requirements.

## 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 18-25 could have a positive impact on certain private organizations in the County. The Bill would primarily affect solar development companies involved in the development of utility-scale solar projects.

By eliminating afforestation requirements for utility-scale solar voltaic facilities, the Bill would likely reduce operating expenses for solar development companies. All else being equal, lower operating expenses would increase business income. However, these cost reductions are expected to be marginal compared to the total cost of these projects.

To illustrate the scale of potential savings, this table provides cost calculations for forest mitigation in a hypothetical utility-scale solar project, based on the figures presented above:

Forest Mitigation Acres	Total Forest Mitigation Cost	% of Total Project Cost
1	\$67,518	0.48%
2	\$135,036	0.96%

This table shows both the absolute dollar impact and the proportion of total project costs attributable to forest mitigation under each scenario. In this example, the maximum estimated forest mitigation cost is less than 1% of the total project cost, which suggests that the direct effect of the Bill would be relatively minor.

<sup>11</sup> Maryland Department of Natural Resources, Power Plant Research Program (PPRP), *Case 9733 Chaberton Ramiere Case Summary - 07-02-2024* (Maryland Department of Natural Resources, 2024), <https://dnr.maryland.gov/pprp/Documents/Case-9733-Chaberton-Ramiere-Case-Summary-7-2-24.pdf>; Elia Griffin, "11-Acre Solar Project in Poolesville Gets Planning Board's Nod, despite Opposition," *Bethesda Magazine*, April 29, 2025, <https://bethesdamagazine.com/2025/04/29/chaberton-solar-ramiere-poolesville-planning-board-nod/>.

<sup>12</sup> "[Montgomery County Forest Conservation Law](#)," *Montgomery Planning*, accessed July 28, 2025.

Given the marginal savings, OLO finds it unlikely that the Bill would induce the development of utility-scale solar projects that otherwise would not occur.

In addition, some landowners may seek to negotiate slightly higher lease rates if they learn that developer costs have fallen. However, the cost savings from the Bill may be too minor to significantly affect land prices or lease rates for utility-scale solar development in practice. It is unknown whether landowners would also benefit from the cost decrease.

Beyond these impacts, OLO does not expect the Bill to affect private organizations in terms of other indicators prioritized by the Council.

## **Residents**

OLO anticipates that Bill 18-25 would have an insignificant impact on certain residents in the County.

## **Net Impact**

OLO anticipates that Bill 18-25 would have a positive impact on economic conditions in the County, as measured by the Council's priority economic indicators. By removing afforestation requirements, the Bill would likely reduce operating expenses for solar development companies. All else being equal, lower operating expenses would increase business income. Based on a cost model, the cost reductions are expected to be marginal compared to the total cost of these projects.

## **Discussion Items**

Not applicable

## **Caveats**

Two caveats to the economic impact analysis conducted 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.