

# Economic Impact Statement

Montgomery County, Maryland

## Bill 24-25: Transportation Demand Management – Repeal

### Summary

Based on available information and limited timeframe, the Office of Legislative Oversight (OLO) cannot estimate the anticipated impact of Bill 24-25 on economic conditions in the County in terms of the Council's priority indicators. An analysis of the Bill would require data on the Transportation Demand Management (TDM) program to determine its impact on transportation and economic indicators. As found in the County's Office of the Inspector General, reporting on the effectiveness of the program is incomplete. Therefore, OLO is unable to assess the overall economic impact of the TDM program and its repeal. However, OLO notes that repealing the fees and requirements associated with the program would benefit certain employers by reducing operating expenses.

### Background and Purpose of Bill 24-25

In Montgomery County, Transportation Management Districts (TMDs) were created in the 1980s. There are six districts: Friendship Heights, Silver Spring, Downtown Bethesda, North Bethesda, Greater Shady Grove, and White Oak.<sup>1</sup> The goals of TMDs are to:

- Cut traffic congestion
- Increase transportation capacity
- Reduce air and noise pollution; and
- Promote bicycle and pedestrian access.<sup>2</sup>

In 2006, the Montgomery County Council passed legislation creating a program for Transportation Demand Management (TDM) fees and requirements. For employers located in a TMD that retain 25 or more full- or part-time employees, they are required under County law to submit a TDM plan within 90 days after the Department of Transportation (DOT) notifies the business. Employers are also required to participate in a commuter survey and submit an annual report of employer actions to assist with reducing traffic congestion.<sup>3</sup>

Changes to the TDM program were enacted by the Council in 2019 and expanded the County's use of TDM. It expanded the requirements as it increased the number of employers required to submit TDM plans, increased requirements on new and existing commercial buildings, and created new requirements for residential multi-family buildings.<sup>4</sup>

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<sup>1</sup> ["Welcome to Your Transportation Management District", Montgomery County Department of Transportation, Accessed 7/1/2025.](#)

<sup>2</sup> [Ibid.](#)

<sup>3</sup> [Montgomery County Code, Sec. 42A-24. Transportation Demand Management Plans for Employers, Accessed 7/1/2025.](#)

<sup>4</sup> [Montgomery County Code, Sec. 42A-24.; "Introduction Staff Report for Bill 24-25, Transportation - Transportation Demand Management - Repeal", Montgomery County Council, Introduced June 17, 2025.](#)

The purpose of Bill 24-25 is to repeal the entire TDM plan as well as fees and requirements that were established by the 2006 Bill and the 2019 updates to the law. The Bill would sunset the current TDM program, officially ending the program on December 31, 2025.<sup>5</sup>

There are a few reasons why it is suggested the Council should repeal the TDM plan as explained in the staff introduction report including:

- A 2016 audit conducted by the County's Inspector General (IG) found "inadequate oversight of compliance from employers related to TDM plans, inadequate survey results, and departmental non-compliance in publishing biennial reports as mandated by County Code."<sup>6</sup> A second audit conducted in 2025 by the IG found no improvement in compliance with the program and that DOT did not ensure employers complied with TDM plans or submit commuter surveys.<sup>7</sup>
- The goals set in Non-Auto Driver Mode Share (NADMS) included in the County's Growth and Infrastructure Plan (GIP) are similar to TDM plan goals. Despite a lack of oversight in compliance with TDM goals, it was reported in a 2024 staff report for a joint Transportation and Environment/Economic Development Committee session that all five TMD areas reached their NADMS goals due to high public transit ridership in these areas.<sup>8</sup>
- In a memorandum from Councilmember Marilyn Balcombe, the lead sponsor of this Bill, it was stated that "given the significant change in our telework environment, the increasing complexity of the TDM program, and the report inefficiency of the existing program, repealing the existing TDM law is the best path forward."<sup>9</sup>

Bill 24-25, Transportation Demand Management – Repeal was introduced by the County Council on June 17, 2025.<sup>10</sup>

## Information Sources, Methodologies, and Assumptions

As required by 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Bill 24-25 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.<sup>11</sup>

An analysis of the Bill would require data on the Transportation Demand Management (TDM) program to determine its impact on transportation and economic indicators. As found in the County's Office of the Inspector General, reporting on the effectiveness of the program is incomplete. Therefore, OLO is unable to

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<sup>5</sup> ["Introduction Staff Report for Bill 24-25, Transportation - Transportation Demand Management - Repeal", Montgomery County Council, Introduced June 17, 2025.](#)

<sup>6</sup> ["Introduction Staff Report for Bill 24-25, Transportation - Transportation Demand Management - Repeal", Montgomery County Council, Introduced June 17, 2025.](#)

<sup>7</sup> ["Review of the Transportation Management Districts", Office of the Inspector General, March 17, 2025.](#)

<sup>8</sup> ["Executive Regulation 8-21, Transportation Demand Management", Staff Report for Joint Transportation and Environment Committee and Economic Development Committee, July 18, 2024.](#)

<sup>9</sup> ["Introduction Staff Report for Bill 24-25, Transportation - Transportation Demand Management - Repeal", Montgomery County Council, Introduced June 17, 2025.](#)

<sup>10</sup> [Ibid.](#)

<sup>11</sup> Montgomery County Code, ["Sec. 2-81B, Economic Impact Statements."](#)

assess the overall economic impact of the TDM program and its repeal. However, OLO notes that repealing the fees and requirements associated with the program would benefit certain employers by reducing operating expenses.

## Variables

Not applicable

## Impacts

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

Not applicable

## Discussion Items

Not applicable

## Caveat

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.