

Economic Impact Statement

Montgomery County, Maryland

Expedited Bill 35-25: County Administration – Immigrant Protections

Summary

The Office of Legislative Oversight (OLO) anticipates that Expedited Bill 35-25 would have a positive impact on economic conditions in the County, as measured by the County’s priority indicators, by strengthening local sanctuary policies. To assess the likely economic impacts of this policy change, OLO drew its conclusions from a literature review of empirical studies examining past immigration crackdowns as well as simulations of future mass deportation scenarios.

The Bill may serve as a critical safeguard against the detention and deportation of immigrant residents, which in turn would protect the financial health of local households. By reducing the risk of sudden loss of income and averting high out-of-pocket costs—such as legal fees and emergency childcare—the legislation would help stabilize household incomes and prevent families from falling into deeper financial distress.

Furthermore, the Bill may provide support to local businesses, particularly in sectors like construction and hospitality that are currently facing workforce disruptions. By preventing the loss of experienced workers, the Bill may help employers avoid the high costs of recruitment and training while maintaining consistent productivity and service quality. All else being equal, these impacts would prevent revenue and income losses.

Additionally, by mitigating the negative economic spillovers typically associated with immigration crackdowns, the Bill may protect the wages of certain U.S.-born workers and sustain local economic activity.

Background and Purpose of Expedited Bill 35-25

Throughout the U.S., many jurisdictions have adopted policies to help build trust between immigrant communities and government. Sanctuary policies, sometimes also referred to as trust policies, specifically aim to build trust by limiting the involvement of state and local jurisdictions in federal immigration enforcement. As noted by the American Immigration Council, sanctuary policies vary from jurisdiction to jurisdiction and do not have a standard definition. However, across jurisdictions, sanctuary policies typically limit government cooperation with federal immigration officials while not preventing their immigration enforcement activities.¹

In 2019, the County Executive adopted a trust policy for the County through the Promoting Community Trust Executive Order.² If enacted, Bill 35-25, the Promoting Community Trust – Immigrant Protections Act, would update some parts of the current trust policy and codify the policy into County law. As noted in the introduction staff report, Bill 35-25 is intended “to ensure that immigrant communities can engage with County departments – including public safety departments – without fear that the engagement would be used in civil immigration enforcement or in a discriminatory way.”³

¹ [“Sanctuary Policies: An Overview,” American Immigration Council, February 21, 2025.](#)

² [Introduction Staff Report for Expedited Bill 35-25, Montgomery County Council, Introduced December 9, 2025, pg. 1.](#)

³ Ibid, pgs. 1-2.

Table A1 in the Appendix describes:

- The main policy components of Bill 35-25;
- What would be required under each component if Bill 35-25 is enacted; and
- If and how Bill 35-25 would change the current trust policy.

The Council introduced Expedited Bill 35-25 on December 9, 2025.

Information Sources, Methodologies, and Assumptions

As required by 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Expedited Bill 35-25 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.⁴

Assumption: **Table A1** in the Appendix identifies several ways in which the changes proposed in Bill 35-25 would modify the County's current trust policy by:

- Further limiting cooperation between the County's Department of Corrections and Rehabilitation (DOCR) and immigration enforcement officials;
- Strengthening protections for sensitive locations such as schools, libraries, courthouses, government-operated healthcare facilities; and
- Establishing regular reporting to the Council on requests from immigration enforcement officials and how the County handled them.

Taken together, OLO believes it is reasonable to assume the Bill would help prevent the detention and deportation of certain immigrants who might otherwise be at risk under current practice.

Methodology and Information Source: OLO searched for research on the economic impacts of mass deportations using Google Scholar, which identified the following recent literature review:

- Lynch and Ettlinger (2024), "[The Economic Impact on Citizens and Authorized Immigrants of Mass Deportation](#)," University of New Hampshire, Carsey School of Public Policy

The review identifies the major findings from empirical studies of past immigration crackdowns and simulations of mass deportation scenarios for the future. Claims made in the analysis below are based on these findings.

Variables

The primary variables that would affect the economic impacts of Expedited Bill 35-25 are the following:

- Number of County residents who avoid detention or deportation; and
- Share of protected residents who are in the local labor force.

⁴ Montgomery County Code, "[Sec. 2-81B, Economic Impact Statements](#)."

Impacts

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

Economics of Immigration Enforcement

Lynch and Ettlinger review historical cases of immigration crackdowns to show that removing large numbers of undocumented immigrants has not delivered labor-market gains for U.S.-born workers. **Table 1** provides an overview of the studies reviewed. In addition to these retrospective case studies, the article also reviews analyses that project the economic consequences of future mass deportation scenarios.

Based on the review of retrospective case studies and projection analyses, the authors conclude that deporting substantial numbers of undocumented workers results in the following negative economic consequences for the broader economy:

- The U.S. economy contracts due to the loss of labor and spending by undocumented workers.
- Jobs for U.S.-born workers decline overall, rather than expanding to replace those who are deported.
- Wages for most workers face downward pressure as employment falls and the economy shrinks.
- Tax revenues decrease as workers and economic activity are removed from the formal economy.
- Inflationary pressure rises as domestic production of goods and services declines.

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Table 1. Summary of Economic Studies on Immigration Crackdowns Reviewed in Lynch and Ettlinger (2024)

Episodes of Immigration Crackdown	Studies Reviewed (peer-reviewed or working paper)	Major Findings	Proposed Mechanisms (How and Why These Effects Occur)
1929–1937 Mexican repatriations: large-scale deportation and coerced return of roughly 400,000–500,000 first- and second-generation Mexicans during the Great Depression, promoted as a way to free jobs for U.S.-born workers	Lee, et al. (2017). " The Employment Effects of Mexican Repatriations: Evidence from the 1930s ." National Bureau of Economic Research <i>Working paper (not peer-reviewed)</i>	<ul style="list-style-type: none">• Small decreases in US-born employment• Increases in unemployment among US-born workers in cities and counties that repatriated more Mexicans• No evidence of improved outcomes for US-born workers and suggestive evidence of neutral or negative wage effects	<ul style="list-style-type: none">• Loss of complementary Mexican labor leading employers to cut related US-born jobs• Possible local demand contractions as Mexican communities shrank
1964 Mexican Bracero exclusion: termination of the Bracero program that removed nearly half a million Mexican seasonal agricultural workers, with the stated goal of improving employment and wages for U.S.-born farm workers.	Clemens, et al (2018). " Immigration Restrictions as Active Labor Market Policy: Evidence from the Mexican Bracero Exclusion ." <i>American Economic Review</i> <i>Peer-reviewed journal article</i>	<ul style="list-style-type: none">• No detectable effect of Bracero exclusion on U.S. agricultural wages• No detectable effect on employment of US-born farm workers, despite the loss of nearly half a million Mexican seasonal workers• The higher wages and additional jobs policymakers expected for domestic farm workers did not materialize	<ul style="list-style-type: none">• Employers substituted toward less labor-intensive technologies (mechanization).• Shifts in crop mix and production processes reduced the need for additional US-born farm labor

<p>Secure Communities (2008–2015): a police-based immigration enforcement program that expanded information sharing between local law enforcement and federal authorities, resulting in the deportation of more than 454,000 undocumented immigrants.</p>	<p>East, et al (2023). “The Labor Market Effects of Immigration Enforcement.” <i>Journal of Labor Economics</i></p> <p><i>Peer-reviewed journal article</i></p>	<ul style="list-style-type: none"> • Secure Communities reduced the employment share of US-born workers by about 0.5% • Secure Communities reduced the hourly wages of U.S.-born workers by about 0.6% • Adverse employment effects were concentrated among men in medium-skilled occupations in sectors that rely heavily on unauthorized workers, though US-born workers at all education levels experienced negative impacts 	<ul style="list-style-type: none"> • Reduced labor supply of unauthorized immigrants increased labor costs and reduced job creation, lowering overall labor demand • Decreased local consumption following large-scale deportations reduced demand for goods and services, causing job losses for US-born workers across the skill distribution
<p>Arizona anti-immigrant laws (2007–2008): state laws including the Legal Arizona Workers Act and related measures that mandated E-Verify and imposed sanctions on employers, prompting an estimated 40 percent of unauthorized immigrants in Arizona to leave during and just after the Great Recession</p>	<p>Moody’s Analytics (for <i>Wall Street Journal</i>), 2016. Analysis of Arizona’s economy following 2007–2008 anti-immigrant laws, as reported in Bob Davis, “The Thorny Economics of Illegal Immigration,” <i>Wall Street Journal</i></p> <p>Bohn, et al(2015). “Do E-Verify Mandates Improve Labor Market Outcomes of Low-Skilled Native and Legal Immigrant Workers?” <i>Southern Economic Journal</i></p> <p><i>Peer-Reviewed Journal article</i></p>	<ul style="list-style-type: none"> • Arizona’s anti-immigrant laws and resulting exodus of unauthorized immigrants reduced the state’s GDP by about 2 percent per year between 2008 and 2015 (Moody’s). • Total employment in Arizona fell by about 2.5 percent as a result of these laws and the associated out-migration, net of recession effects (Moody’s). • The exodus “does not appear to have improved” labor market outcomes of low-skilled legal workers who compete with unauthorized workers (Bohn et al.). • Low-skilled U.S.-born white men in Arizona experienced lower employment (about 4 percentage points lower) and higher unemployment (about 2 percentage points higher) after the laws 	<ul style="list-style-type: none"> • Large-scale departure of unauthorized workers reduced the labor force in key sectors (e.g., construction, agriculture, services), constraining production and lowering economic activity • Reduced population and household spending as unauthorized immigrants left the state depressed demand for goods and services, contributing to GDP and employment declines. • Employers did not systematically replace unauthorized workers with low-skilled legal workers, so job losses among unauthorized workers translated into fewer jobs overall rather than gains for competing US-born workers

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Residents

OLO anticipates that Expedited Bill 35-25 would positively impact certain residents in the County.

The economic impacts on residents depend on how effectively the Bill prevents the detention and deportation of immigrants who might otherwise be at risk under current practice. If the Bill is effective in doing so, it would primarily benefit two groups:

- Households with one or more members who otherwise would have been detained and potentially deported.
- Resident workers more broadly, through avoided “spillover” harms associated with immigration crackdowns.

For households whose members gain greater protection under the Bill, they would face lower risks of losing earnings when a wage earner is detained or deported. It may also avert other out-of-pocket costs linked to detention and deportation, such as legal fees, childcare expenses, and transportation costs. As a result, the Bill would likely stabilize household incomes and prevent significant increases in household expenses.

Research on immigration crackdowns also finds they create negative spillover effects for U.S.-born workers, including job losses and wage declines. If the Bill is effective in preventing enough enforcement-related economic disruptions, other resident workers may avoid these job and wage losses, which would likewise help protect their household incomes.

Beyond these impacts, it is uncertain whether the Bill’s impact would be large enough to measurably affect residents’ outcomes on the Council’s other priority indicators.

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that Expedited Bill 35-25 would positively impact certain private organizations in the County.

The economic impacts on would also depend on the Bill’s effectiveness in preventing the detention and deportation of immigrants. If effective, the Bill would primarily benefit two business groups:

- Businesses that face workforce disruptions when workers are detained or deported; and
- Businesses more broadly, by reducing negative “spillover” effects associated with economic contraction.

Businesses currently experiencing workforce disruptions from the Trump administration’s crackdown are concentrated in sectors such as construction, restaurants, and related industries. These disruptions can increase operating costs as employers recruit and train replacement workers and attempt to offset productivity losses. They can also reduce revenues when firms experience declines in productivity, service quality, or output. Preventing these cost increases and revenue losses would, all else equal, help stabilize business incomes.

Research on immigration crackdowns also indicates that they produce negative spillover effects for the broader economy, which include employment losses and reductions in overall economic output. If the Bill is effective in

preventing enough enforcement-related economic disruptions, additional businesses may avoid income losses associated with economic contraction.

Beyond these effects, it is uncertain whether the Bill's impact would be large enough to measurably change businesses' outcomes on the Council's other priority indicators.

Net Impact

OLO anticipates that Expedited Bil 35-25 would positively impact economic conditions in the County. The Bill would have targeted impacts on certain households and businesses.

For households whose members gain greater protection under the Bill, the risk of losing earnings when a wage earner is detained or deported would be lower. The Bill may also avert other out-of-pocket costs linked to detention and deportation, such as legal fees, childcare expenses, and transportation costs, and thus is likely to help stabilize household incomes and prevent significant increases in household expenses.

Businesses currently experiencing workforce disruptions from the Trump administration's immigration crackdown are concentrated in sectors such as construction, restaurants, and related industries. These disruptions can increase operating costs as employers recruit and train replacement workers and attempt to offset productivity losses, and they can also reduce revenues when firms experience declines in productivity, service quality, or output. Preventing these cost increases and revenue losses would, all else equal, help stabilize business incomes.

Existing research on the economic impacts of immigration crackdowns indicates that they generate broad negative spillovers for U.S.-born workers and businesses, including job losses, wage declines, and reduced economic activity. If the Bill is effective in preventing enough enforcement-related disruptions, more resident workers may avoid job and wage losses, helping to protect their household incomes, and additional businesses may avoid income losses associated with economic contraction.

Beyond these impacts, it is unclear whether the protection provided to immigrant workers would be large enough to measurably impact the Council's other priority economic indicators.

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, PhD (OLO) prepared this report.

Appendix

Table A1. Policy Components of Expedited Bill 35-25 and Changes to Current Trust Policy

Policy Component	Requirements if Enacted	Changes to Current Trust Policy?
Inquiries about immigration status	<ul style="list-style-type: none"> County employees prohibited from inquiring about an individual's immigration status unless required by state or federal law, a judicial order, or international treaty. County employees prohibited from threats, discrimination, or intimidation based on an individual's immigration status or perceived status. 	No
County benefits	<ul style="list-style-type: none"> County employees and departments prohibited from conditioning County benefits, opportunities, or services upon immigration status, unless required to do so by applicable law or judicial order. County required to accept photo identification from an individual's country of origin or from a non-profit organization pre-approved by the Chief Administrative Officer where a Maryland-issued identification card is accepted as proof of identity. 	No
Law enforcement	<ul style="list-style-type: none"> County prohibited from arresting, stopping, or detaining individuals for federal immigration enforcement operations. For individuals who are arrested, County prohibited from contacting immigration enforcement officials about individual except in compliance with a valid judicial warrant. For individuals who are detained, County must release the individual as required by law and not delay their release at the administrative request of immigration enforcement officials. For individuals who are detained, County prohibited from notifying immigration enforcement officials of impending release of individual from custody unless they have been convicted of certain crimes.⁵ If County receives administrative request from immigration enforcement officials regarding an individual in custody, County must provide a copy of request to individual within 48 hours. 	<p>Yes – The current trust policy does not include guidelines for the Department of Corrections and Rehabilitation (DOCR) to communicate with immigration enforcement officials. In practice, DOCR currently notifies immigration enforcement officials of an individual's impending release if they are charged with or convicted of certain crimes.</p> <p>The current trust policy also does not require the County to provide a copy of an administrative request from immigration enforcement officials to the individual in custody within 48 hours of receiving it.</p>

⁵ Expedited Bill 35-25 would allow the County to inform immigration enforcement officials of the impending release of an individual from custody no earlier than 36 hours before their release if they have been convicted of certain crimes. These include crimes of

Policy Component	Requirements if Enacted	Changes to Current Trust Policy?
Access to County buildings and facilities	<ul style="list-style-type: none"> Immigration enforcement officials prohibited from accessing private spaces of sensitive locations⁶, except where required by a valid judicial warrant or state law. County employees and departments prohibited from allowing immigration enforcement officials to access any portion of County building or facility that is not open to the general public. County employees and departments prohibited from allowing immigration enforcement officials to have access to a person in the detention or custody of the department. County employees and departments prohibited from allowing immigration enforcement officials to use County facilities, information, or equipment. 	Yes – The current trust policy does not address sensitive locations, such as libraries and healthcare facilities.
Intergovernmental agreements	<ul style="list-style-type: none"> County prohibited from entering into any intergovernmental agreements to detain individuals for civil immigration purposes or to otherwise participate in civil immigration enforcement. 	No
Confidentiality	<ul style="list-style-type: none"> County departments required to review applications, questionnaires, and other County forms to ensure that unnecessary questions about immigration status are deleted and that confidentiality is protected to the greatest extent permitted by law. 	No
Reporting requirements	<ul style="list-style-type: none"> County Executive required to report to Council every six months regarding the number of requests received from immigration enforcement officials and how the requests were handled. 	Yes – The current trust policy requires reporting from departments to the County Executive, and no requirement for the County Executive to report to Council

violence under [Section 14-101 of the Criminal Law Article of the Maryland Code](#), drug kingpin, organization or supervision of criminal organization, homicide by motor vehicle or vessel while under the influence of alcohol, and others. Refer to Expedited Bill 35-25, Introduction Staff Report for Expedited Bill 35-25, pgs. 10-11.

⁶ Per state law, sensitive locations include public schools, public libraries, government-operated health care facilities, facilities operated by the comptroller, and courthouses. Refer to [“Immigration Guidance for Facilities that Serve the Public: Implementation of HB 1222,” Maryland Office of the Attorney General, July 2025, pg. 3.](#)