

Economic Impact Statement

Montgomery County, Maryland

Expedited Bill 13-26, Building Permits – Immigration Detention Facility (ICE Out Act)

Summary

The Office of Legislative Oversight (OLO) anticipates that Expedited Bill 13-26 would have an indeterminate impact on overall economic conditions in the County, as measured by the Council's priority economic indicators. The Bill would prohibit the Department of Permitting Services (DPS) from issuing a building permit or a use-and-occupancy permit for a privately-owned immigration detention facility. This analysis applies the concepts of opportunity cost and externalities to assess the Bill's economic impacts, using empirical research on prisons and immigration detention facilities and prior OLO work on immigration enforcement to infer likely effects in the absence of direct impact evaluations.

The Bill would likely have mixed effects on residents. It may reduce job and income opportunities for some workers who might otherwise be employed in construction or lower-skilled operational jobs at a detention facility. However, it may benefit residents who live near potential sites and households that would otherwise face detention- and deportation-related income losses and expenses. By helping to limit enforcement-driven crackdowns, the Bill may also protect broader groups of resident workers—including U.S.-born workers—from job and wage losses associated with aggressive immigration enforcement.

Similarly, the Bill would likely have mixed effects on local businesses. It would likely reduce opportunities for some firms and property owners tied to the development and operation of a detention facility, while offering potential benefits to businesses that currently experience workforce and revenue disruptions from immigration enforcement.

Because the Bill would likely affect multiple business and resident groups in disparate ways and there is insufficient data to quantify those effects, OLO cannot reliably determine the net impact on overall economic conditions in the County. However, it should be noted that existing research indicates that while carceral facilities, including prisons and immigration detention centers, provide jobs at the facility, they generally do not operate as strong local economic development engines and generate negative externalities for nearby communities, workers, and families.

Background and Purpose of Expedited Bill 13-26

Immigration detention in the U.S. has grown drastically as part of the Trump administration's anti-immigrant campaign. According to the American Immigration Council (AIC), between January and November 2025, Immigration and Customs Enforcement (ICE) added 104 immigration detention facilities. This has contributed to record highs in the number of people in immigration detention. Before the start of this administration, roughly 40,000 people were held in ICE detention on any given day. This nearly doubled to over 73,000 people by mid-January 2026. The AIC notes this rapid expansion in ICE detention has led to deteriorating and increasingly inhumane conditions in detention facilities.¹

¹ A. Reichlin-Melnick, "[New Report Details ICE's Expanding and Increasingly Unaccountable Detention System](#)," American Immigration Council, January 23, 2026.

Following massive increases in funding, ICE is continuing to expand its network of immigration detention facilities. However, people throughout the country are resisting the siting of these facilities in their communities.² In Maryland, community resistance to a proposed ICE detention facility in Hagerstown has drawn national attention.³

The purpose of Bill 13-26 is to prevent the use of new and existing buildings in the County for private immigration detention. If enacted, Bill 13-26 would prohibit DPS from issuing a building permit or a use-and-occupancy permit for a privately-owned immigration detention facility.⁴ According to the Bill's sponsor, Bill 13-26 is "a proactive step" to limit private ICE detention facilities in the County and aims to "keep Montgomery County a safe place for everybody."⁵

The Council introduced Expedited Bill 13-26 on March 3, 2026.

Information Sources, Methodologies, and Assumptions

As required by Section 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Bill 13-26 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.⁶

This analysis draws on two economic concepts—opportunity cost and externalities—to assess the economic impacts of the Bill.

Opportunity costs address what economic activities the County might give up by preventing the siting of an immigration detention center that may otherwise be used for other types of development. Because I was unable to identify an impact evaluation that directly estimates the economic effects of immigration detention center bans or closures, this analysis therefore draws on empirical research on prisons. Prisons are part of the broader private prison industry and are often operated by the same corporations such as CoreCivic.⁷ In particular, this analysis reviews a quasi-experimental study of the local economic impacts of prison closures⁸ and studies of prison⁹ and immigration detention center¹⁰ openings.

Externalities address the economic costs or benefits of immigration enforcement that fall on third parties—workers, families, and local businesses—and are not fully reflected in the contracts that determine detention capacity and enforcement levels. To examine externalities, this analysis relies on analyses of ICE's financial

² D. Lieb, et al., "[Trump's \\$45 billion expansion of immigrant detention sites faces pushback from communities](#)," Associated Press, February 3, 2026.

³ L. Landers and D. Adams, "[ICE spending billions to turn warehouses into migrant detention facilities](#)," PBS News Hour, February 27, 2026.

⁴ [Introduction Staff Report for Expedited Bill 13-26](#), Montgomery County Council, Introduced March 3, 2026.

⁵ "[Councilmember Evan Glass Leads Full Council to Introduce the ICE Out Act](#)," Press Releases, Montgomery County Council, March 3, 2026.

⁶ Montgomery County Code, "[Sec. 2-81B, Economic Impact Statements](#)."

⁷ Lauren-Brooke Eisen, "[Private Prison Companies' Enormous Windfall: Who Stands to Gain as ICE Expands](#)," *Just Security*, September 24, 2025.

⁸ Janjala Chirakijja, "[The Economic Effects of Prison Closures on Local Communities](#)," *Economics Letters* 228 (July 2023).

⁹ Janjala Chirakijja, "[The Local Economic Impacts of Prisons](#)," *The Review of Economics and Statistics* 106, no. 6 (2024): 1442–59.

¹⁰ Ekaterina Yudina, "[Economic Impacts of Immigration Detention Centers Built Between 1990-2016 on U.S. Commuting Zones](#)" (Undergraduate Honors Thesis, Department of Economics, University of California, Berkeley, 2022).

and contractual incentives that link detention capacity to enforcement levels, along with prior OLO Economic Impact Statements that review evidence on the economics of aggressive immigration enforcement.¹¹

Variables

The primary variables that would affect the economic impacts of enacting Expedited Bill 13-26 are the following:

- Opportunity cost of foregone detention center development; and
- Externalities related to immigration enforcement and detention.

Impacts

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

Economics of Immigration Detention Centers

Opportunity Cost

For evidence on the potential opportunity costs of banning immigration detention centers in the County, this analysis draws on empirical studies that examine economic impacts of prison closures, along with prison and immigration detention center openings.

In a peer-reviewed study, Chirakijja (2023) examines the impacts of prison (primarily state/public) closures in the U.S. during the early 2010s, using county-level data on employment, earnings, and housing outcomes. The study uses a quasi-experimental methodology (difference-in-differences and matching) to compare “treatment” counties that lost a prison to similar “control” counties that retained their facilities. The study finds the following:

- Prison closures led to sizable reductions in public-sector employment that were concentrated among lower-skilled workers.
- However, job cuts at prisons generated “no discernible spillovers to private sector employment” and had an “insignificant effect on population in households ... and median housing values and rent.”

In another peer-reviewed study, Chirakijja (2024) examines over 300 prison (mainly state) openings across the U.S. between 1990 and 2000, using county- and census-tract-level data on employment by sector, wages, housing values, demographics, and other indicators. Using quasi-experimental designs, the study finds the following:

- Prison openings generated substantial and persistent gains in state government employment and raised total county employment roughly one-for-one with prison jobs.
- Prison openings created little spillover to private-sector employment or broader private economic activity.

¹¹ Stephen Roblin, [Economic Impact Statement: Bill 4-26, Buildings – Task Force on Data Centers – Established](#) (Office of Legislative Oversight, Montgomery County Council, February 4, 2026).

- While counties where prison openings occurred experienced moderate improvements in total employment, wages, and housing values, neighborhoods closest to prisons saw declines in housing values and other socio-economic indicators.

The only empirical study identified that directly examines the local economic impacts of immigration detention centers is an undergraduate honors thesis by Yudina (2022). The study uses a quasi-experimental methodology to examine how the introduction of immigration detention centers affected economic outcomes in 19 U.S. commuting zones containing 24 detention centers from 1990 to 2016. The study finds statistically insignificant treatment effects of detention center openings on employment, median home values, median household income, and poverty rates.

Taken together, these studies suggest that carceral facilities (prisons and immigration detention centers) do not function as strong local economic development engines: they create jobs at the facility but have limited effects on wider local economic conditions. As Chirakijja explains, this is due to carceral facilities having “limited input-output linkages with other sectors.”

Externalities

A key question for assessing the externalities of banning immigration detention centers in the County is whether such a ban would constrain local immigration enforcement. It is reasonable to expect some constraining effect because expanding local detention capacity would likely increase enforcement activity through financial incentives at both the federal and local levels. Indeed, language in federal appropriations and ICE contracts have historically set minimum daily detention levels, which legal scholarship argues function as an effective “bed quota” that incentivizes ICE to keep available beds filled.¹² As a result, adding local detention capacity would likely increase enforcement activity in order to fill the capacity.¹³

In a previous Economic Impact Statement, OLO reviewed evidence on 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. This review showed that deporting substantial numbers of undocumented workers results in the following negative economic consequences for the broader economy:

Economic Contraction	<ul style="list-style-type: none"> • The U.S. economy contracts as undocumented workers are removed, reflecting the loss of their labor and spending. • This could be explained by employers cutting production when they lose complementary immigrant workers and by local demand falling as immigrant communities shrink.
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Job Losses for U.S.-Born Workers	<ul style="list-style-type: none"> • Jobs for U.S.-born workers decline overall rather than expanding to replace deported workers. • This could be explained by employers reducing output, automating, or shifting crops and production processes instead of hiring additional U.S.-born workers.

¹² Anita Sinha, “[Arbitrary Detention? The Immigration Detention Bed Quota](#),” *Duke Journal of Constitutional Law & Public Policy*, January 26, 2017.

¹³ Additionally, analyses of “jailing for profit” show that local jurisdictions can become fiscally dependent on payments from federal, state, and other jurisdictions, which incentivizes keeping beds occupied and seeking additional contracts that bring in more detainees. Nazish Dholakia, [Jailing for Profit: When Budgets Depend on Locking People Up](#) (2018).

Downward Pressure on Wages	<ul style="list-style-type: none"> • Wages for most workers face downward pressure as employment falls and the economy shrinks. • This could be explained by reduced overall labor demand when higher labor costs, lower consumption, and production cuts lead firms to create fewer jobs and restrain pay growth.
Reduced Tax Revenues	<ul style="list-style-type: none"> • Tax revenues decrease as workers and economic activity are removed from the formal economy. • This could be explained by fewer workers earning taxable income and lower levels of output, spending, and business activity subject to taxation.
Rising Inflationary Pressure	<ul style="list-style-type: none"> • Inflationary pressure rises as domestic production of goods and services declines. • This could be explained by supply constraints from reduced labor and output putting upward pressure on prices even as overall economic activity weakens.

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that Bill 13-26 would have mixed impacts on certain private organizations in the County.

Development Phase: By prohibiting DPS from issuing a building permit or a use-and-occupancy permit for a privately-owned immigration detention facility, the Bill would likely reduce business activity involved in the development of an immigration detention center in the County. The firms most directly affected would be:

- property owners who may otherwise sell or lease space in existing facilities, especially commercial warehouses, for use as an immigration detention center; and
- construction, engineering, and other firms who would retrofit those buildings.

Property owners would forego revenues and income they could have received from selling or leasing their facilities, with losses equal to the difference between those potential payments and what they can obtain from alternative tenants or buyers.

Similarly, construction, engineering, and other related firms would forgo revenues and income from contracts they might otherwise have received to convert existing buildings into detention facilities. It should be noted however that unlike property owners, who would likely choose among potential tenants or buyers based on profit-maximizing considerations, it is unclear what the net effect of the Bill would be for construction, engineering, and related firms. While some firms would forgo detention-related retrofit contracts, these firms or their competitors could also gain work from alternative redevelopment projects on the same or other sites. The overall impact on their revenues and income would be uncertain.

Operations Phase: Research on the economic impacts of carceral facilities suggests that they do little to promote broader economic development because they have weak linkages to other sectors and limited positive spillover effects for other businesses. As a result, preventing the development of an immigration detention center would likely have limited negative effects for other local businesses, beyond those involved in maintenance/repair or security. Moreover, the research raises the question of whether alternative uses of a facility than a detention center would yield greater spillovers for other businesses.

Externalities: Research shows that an immigration detention center would not only yield modest positive spillovers for other businesses, but also likely create negative economic externalities. As previously discussed,

increasing local detention capacity would likely increase enforcement activity. Thus, preventing a local detention center may somewhat constrain federal agents in detaining and deporting undocumented residents, thereby mitigating negative externalities. If so, then the Bill would support 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 industries with high levels of employment by undocumented immigrants, namely the construction and accommodation and food services/arts/entertainment 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 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 impacts, it is uncertain whether the Bill would impact other businesses with respect to the Council’s other priority indicators.

Residents

OLO anticipates that Bill 13-26 would have mixed impacts on certain residents in the County.

Development Phases: By prohibiting DPS from issuing a building permit or a use-and-occupancy permit for a privately-owned immigration detention facility, the Bill could reduce employment and income for some residents who would otherwise work on detention-related development (e.g., workers in construction, engineering, or building services). The net effect for residents in these industries is unclear, however, because it would depend on the employment and income opportunities generated by alternative redevelopment projects that might occur in place of a detention facility.

Operations Phase: Research on the economic impacts of carceral facilities makes clear the primary residents negatively impacted by the Bill would likely be lower-skilled workers involved in daily operations of the detention center (e.g., guards, food service workers, janitorial and maintenance staff, and transportation staff). These residents would likely lose employment opportunities, thereby decreasing their household incomes.

Externalities: The Bill would likely prevent or mitigate negative externalities associated with immigration detention and enforcement for two groups of residents. First, research has found neighborhoods closest to prisons saw declines in housing values and other socio-economic indicators. Thus, preventing the development of an immigration detention center may prevent negative impacts on home values and other indicators for residents who would otherwise live near the facility.

Second, by helping to constrain local immigration enforcement activity, the Bill could benefit two groups:

- Households with one or more members who otherwise would have been detained and potentially deported; and

- 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 would impact other residents’ outcomes on the Council’s other priority indicators.

Net Impact

OLO anticipates that Expedited Bill 13-26 would have an indeterminate impact on overall economic conditions in the County. The tables below identify the various business and resident groups that are likely to be affected by the Bill. However, given the number of affected groups, the variation in how they would be impacted, and data limitations, OLO cannot reliably aggregate the anticipated effects and reach a conclusion about the Bill’s net impacts on local economic conditions.

Summary of Businesses Impacts

Group	Likely Effect	Channel	Notes and Caveats
Property owners of sites suitable for detention (e.g., warehouses)	Economic loss (foregone lease/sale revenue)	Opportunity cost	Lose potential detention-center leases or sales; loss equals the difference between detention contracts and what they can obtain from alternative tenants or buyers.
Construction, engineering, and related firms tied to detention retrofits	Ambiguous economic effect	Opportunity cost	Forgo detention retrofit contracts but may gain work from alternative redevelopment projects on the same or other sites; net impact on revenues and income is uncertain.
Local firms providing maintenance, repair, security, and similar services to a detention facility	Economic loss (foregone contract opportunities)	Opportunity cost	Would not obtain contracts to serve a local detention facility; some or all losses could be offset if firms secure other clients or projects.
Other local businesses (retail, services, etc.)	Limited or no economic loss	Opportunity cost	Research on carceral facilities finds weak linkages and limited positive spillovers to other sectors, so foregoing a detention center is likely to have only modest negative effects on these firms.

Group	Likely Effect	Channel	Notes and Caveats
Businesses heavily reliant on undocumented workers (e.g., construction, accommodation and food services, arts/entertainment)	Economic gain (fewer enforcement-related disruptions)	Externalities	By constraining local detention capacity and modestly limiting enforcement, the Bill may reduce workforce disruptions, hiring/training costs, and revenue losses; effect size depends on how much enforcement would otherwise expand.
Other local businesses affected by overall economic conditions	Economic gain (avoided spillover losses)	Externalities	If the Bill helps avert broader enforcement-driven contractions in employment and spending, additional firms may avoid income losses associated with economic contraction.

Summary of Resident Impacts

Group	Likely Effect	Channel	Notes and Caveats
Residents employed in construction, engineering, and related development work	Ambiguous economic effect	Opportunity cost	Some residents forgo detention-related jobs or earnings but may gain employment on alternative redevelopment projects; net impact depends on the volume, timing, and quality of alternative work.
Lower-skilled residents who would work in facility operations (guards, food service, janitorial, maintenance, transportation)	Economic loss (foregone job opportunities)	Opportunity cost	Would lose access to operational jobs at a detention facility, reducing potential employment and household income.
Residents living near potential detention sites	Economic gain (avoided neighborhood harms)	Externalities	Research on prisons suggests nearby neighborhoods face lower housing values and weaker socio-economic indicators; preventing a detention center may avoid these localized negative effects.
Households with members at risk of detention or deportation	Economic gain (reduced risk of income and expense shocks)	Externalities	Lower local detention capacity may reduce the risk that a household member is detained or deported, helping avoid lost earnings and added costs (legal fees, childcare, transportation).
Resident workers more broadly (including U.S.-born workers)	Economic gain (avoided job and wage losses from crackdowns)	Externalities	If the Bill helps prevent intensified enforcement, workers may avoid the job and wage losses associated with immigration crackdowns, helping protect household incomes.

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.