

Economic Impact Statement

Montgomery County, Maryland

Bill 3-26, Administration – Immigration Enforcement Guidance – Required (The County Values Act)

Summary

The Office of Legislative Oversight (OLO) anticipates that by strengthening the County’s sanctuary policies, Bill 3-26 would have a positive impact on economic conditions in the County, as measured by the County’s priority indicators. To assess the likely economic impacts of this policy change, OLO drew its conclusions from a data analysis of labor market and economic well-being characteristics of undocumented residents and a literature review of empirical studies examining past immigration crackdowns in the United States.

In response to the Trump administration’s mass deportation campaign, the Bill may serve as a critical safeguard against the detention and deportation of immigrant residents. In doing so, it would help 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 support household incomes and prevent families from falling into deeper financial distress.

Furthermore, the Bill may provide support to local businesses—particularly in the construction and accommodation and food services/arts/entertainment industries—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 large-scale deportations, the Bill may protect the wages of certain U.S.-born workers and sustain local economic activity.

Background and Purpose of Bill 3-26

Last May, the state adopted the Maryland Values Act in response to the Trump administration’s nationwide campaign of mass harassment and detainment of immigrants. Among other measures, the Act prohibits certain state and local schools, libraries, and other institutions from granting federal personnel access to areas not accessible to the general public and requires the Attorney General to publish guidance on immigration enforcement actions at sensitive locations.¹

Modeled on the Maryland Values Act, Bill 3-26 (“The County Values Act”) seeks to reaffirm the County’s values of “equity, inclusiveness, dignity, and justice for all.” It also seeks to safeguard community trust and equitable access to County services and facilities amid ongoing Immigration and Customs Enforcement (ICE) enforcement activity. The Bill aims to achieve these ends by:

- Restricting ICE officers from accessing non-public areas of County facilities without a valid federal judicial warrant;

¹ Maryland General Assembly, [HB 1222, Public Safety – Immigration Enforcement](#), 2025 Regular Session (effective June 1, 2025).

- Prohibiting the use of County-owned or-controlled parking lots, garages, and vacant lots for immigration enforcement activities while requiring County employees to report any unauthorized use of County property to their department directors; and
- Requiring the County Executive to provide detailed immigration enforcement guidance for County staff and contractors, while requiring departments to train staff on these guidelines.²

The County Council introduced Bill 3-26, Administration – Immigration Enforcement Guidance – Required, on January 20, 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 3-26 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.³

In this analysis, OLO adopts a three-part methodological approach to assess the Bill’s likely economic impacts:

1. Uses available data to compare the labor market and economic well-being characteristics of undocumented residents with that of all County residents.

Undocumented immigrants are among the populations that the U.S. Census considers “hard to count.”⁴ One key reason is that undocumented residents have strong incentives to remain undetected, including fear of detention, deportation, and potential violations of their civil liberties and human rights.^{5,6} As a result, accurately estimating the size and characteristics of undocumented immigrants—especially at the sub-national level—is challenging, and some experts conclude that this population is systematically undercounted in available data sources.⁷

Despite these challenges, the Migration Policy Institute (MPI)—a think tank focused on international migration and refugees—has developed County-level estimates of undocumented immigrants for 135 jurisdictions with the largest undocumented populations, including Montgomery County.⁸ OLO uses these MPI estimates, together with American Community Survey (ACS) data, to compare the 2023 labor market and economic well-being characteristics of undocumented residents with that of all County residents. These data are presented in **Table A2** in the Appendix.

² See full bill text in Montgomery County Council, [Introduction Staff Report for Bill 3-26, Administration – Immigration Enforcement Guidance – Required](#) (January 20, 2016).

³ Montgomery County Code, “[Sec. 2-81B, Economic Impact Statements](#).”

⁴ U.S. Census Bureau, “[Counting Every Voice: Understanding Hard-to-Count and Historically Undercounted Populations](#),” Census.Gov, accessed February 13, 2026.

⁵ National Network for Immigrant and Refugee Rights (NNIRR), [Immigrant Undercount](#), July 16, 2019; Jonathan Feinstein and Edward Kaplan, “[Why Hidden Populations Are So Hard to Count](#),” *Yale Insights*, December 13, 2018.

⁶ International human rights organizations and experts have documented and condemned the Trump administration’s abuses. See, for example, Olivia Le Poidevin, “[UN Human Rights Chief Urges US to Uphold International Law in Immigration Crackdown](#),” *Reuters*, January 23, 2026; Amnesty International, [USA: New Findings Reveal Human Rights Violations at Florida’s “Alligator Alcatraz” and Krome Detention Centers](#), December 4, 2025; and Human Rights Watch, [US: Trump Administration’s Pervasive Attacks on Rights](#), February 4, 2026.

⁷ Feinstein and Kaplan, “Why Hidden Populations Are So Hard to Count.”

⁸ For the methodology, see Migration Policy Institute, “[MPI Methodology for Assigning Legal Status to Noncitizen Respondents in U.S. Census Bureau Survey Data](#),” Migrationpolicy.Org, October 25, 2019.

2. Reviews research examining the economic effects of past large-scale immigration crackdowns in the United States.

OLO identified the following literature review, published by University of New Hampshire’s Carsey School of Public Policy, that reviews empirical studies on the economic impacts of past immigration crackdowns as well as simulation studies of mass deportation scenarios for the future:

- Lynch and Ettlinger (2024), “[The Economic Impact on Citizens and Authorized Immigrants of Mass Deportation](#)”

Table A1 in the Appendix identifies the empirical studies reviewed in the literature review, the cases of past immigration crackdowns each study examines, their major findings, as well as the proposed mechanisms explaining why the crackdowns resulted in particular economic impacts.

3. Infers the Bill’s likely impacts based on (a) the labor market characteristics of undocumented residents and (b) major findings from the review of past immigration crackdowns, under the assumption the Bill would meaningfully constrain ICE activity in the County.

Specifically, the Bill strengthens the County’s sanctuary policies by restricting ICE activity on County property, requiring County employees to report unauthorized ICE activity, and training County staff and contractors on local immigration enforcement guidance. There is currently no empirical research on the effectiveness of local sanctuary policies against the Trump administration’s immigration crackdown.

Given this limited evidence, OLO’s conclusions in subsequent sections are conditional on the following assumption: That strengthening the County’s sanctuary policies would partially reduce ICE’s enforcement actions in County-controlled spaces or with County assistance, which may help prevent the detention and deportation of some immigrants who might otherwise be at risk.

Variables

The primary variables that would affect the economic impacts of enacting Bill 3-26 are the following:

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

Impacts

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

Economic Effects 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 A1** in the Appendix 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:

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.
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.
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.

Economic Profile of Undocumented Residents

The 2023 MPI/ACS data indicate that undocumented immigrants in the County play an important economic role locally but face heightened economic insecurity. Highlights from the data are presented below; for more detail, see **Table A2** in the Appendix. Based on these data, we can conclude the following:

Undocumented residents have higher labor force participation rates than all residents and are concentrated in the construction and accommodation and food services/arts/entertainment industries. Yet, their strong labor force engagement does not translate into economic security, as undocumented immigrants are more likely to live in poverty and less likely to have health insurance or own homes than all residents.

Size	<ul style="list-style-type: none"> In 2023, an estimated 119,000 total undocumented residents—primarily from Latin American countries—lived in the County, representing about 11 percent of the County’s total population of 1.05 million. About 78 percent of undocumented residents had lived in the U.S. for 5 years or longer, and 60 percent lived in the country for 10 years or longer.
Labor Force Participation and Employment	<ul style="list-style-type: none"> Undocumented residents ages 16 and older were more likely to be in the labor force (78 percent) than all County residents (70 percent), and less likely to be out of the labor force (22 percent vs. 30 percent). Nearly all undocumented adults who were in the labor force were employed (81,000 of 87,000 or 93 percent), which reflected real labor market engagement rather than higher unemployment.
Industry Concentration	<p>Undocumented workers were highly concentrated in construction (28 percent vs. 7 percent of all workers), as well as accommodation and food services/arts/entertainment (14 vs. 8 percent).</p> <ul style="list-style-type: none"> They were underrepresented in higher-paying industries such as professional, scientific, management, administrative, and waste management services (19 percent vs. 23 percent) and health and social assistance (8 percent vs. 21 percent).⁹
Poverty and Income	<ul style="list-style-type: none"> Undocumented residents were much more likely to live near or below the poverty threshold: 44 percent have incomes below 200 percent of poverty, compared with 18 percent of all residents. Even though a majority of undocumented residents are at or above 200 percent of poverty (56 percent), this share is far lower than for the overall population (82 percent).
Health Insurance Coverage	<ul style="list-style-type: none"> About half of undocumented residents were uninsured (51 percent), more than double the uninsured rate for all residents (24 percent). Only 49 percent of undocumented residents had health insurance, compared with 76 percent of all residents, indicating that employment for many undocumented workers did not come with employer-sponsored coverage.
Housing and Homeownership	<ul style="list-style-type: none"> Undocumented residents were predominantly renters (70 percent), whereas most County residents were homeowners (68 percent). The homeownership rate for undocumented residents (30 percent) was less than half that of all residents.

⁹ For recent wage data, see Quarterly Census of Employment and Wages (QCEW), “[Employment and Wages Data Viewer, Private, NAICS Sectors, Montgomery County, Maryland, 2025 Second Quarter, All Establishment Sizes](#),” U.S. Bureau of Labor Statistics, accessed February 14, 2026.

Residents

OLO anticipates that Bill 3-26 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 Bill 3-26 would positively impact certain private organizations in the County.

The economic impacts on businesses 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 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 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 Bil 3-26 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. 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)
<p>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</p>	<p>Lee, et al. (2017). "The Employment Effects of Mexican Repatriations: Evidence from the 1930s." National Bureau of Economic Research</p> <p><i>Working paper (not peer-reviewed)</i></p>	<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
<p>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.</p>	<p>Clemens, et al (2018). "Immigration Restrictions as Active Labor Market Policy: Evidence from the Mexican Bracero Exclusion." <i>American Economic Review</i></p> <p><i>Peer-reviewed journal article</i></p>	<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

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.

East, et al (2023). "[The Labor Market Effects of Immigration Enforcement.](#)" *Journal of Labor Economics*
Peer-reviewed journal article

- 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 undocumented workers, though US-born workers at all education levels experienced negative impacts
- Reduced labor supply of undocumented 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

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 undocumented immigrants in Arizona to leave during and just after the Great Recession

Moody's Analytics (for *Wall Street Journal*), 2016. Analysis of Arizona's economy following 2007–2008 anti-immigrant laws, as reported in Bob Davis, "[The Thorny Economics of Illegal Immigration.](#)" *Wall Street Journal*

Bohn, et al(2015). "[Do E-Verify Mandates Improve Labor Market Outcomes of Low-Skilled Native and Legal Immigrant Workers?](#)," *Southern Economic Journal*
Peer-Reviewed Journal article

- Arizona's anti-immigrant laws and resulting exodus of undocumented 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 undocumented 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
- Large-scale departure of undocumented 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 undocumented immigrants left the state depressed demand for goods and services, contributing to GDP and employment declines.
- Employers did not systematically replace undocumented workers with low-skilled legal workers, so job losses among undocumented workers translated into fewer jobs overall rather than gains for competing US-born workers

Table A2. Labor Market and Economic Well-Being of Undocumented Residents Compared with All Montgomery County Residents, 2023

Measure	Undocumented residents		All residents	
	Count	Percentage	Count	Percentage
Labor Force Participation				
In the labor force	87,000	78%	594,106	70%
Employed	81,000	.	567,498	.
Unemployed	6,000	.	22,984	.
Not in the labor force	24,000	22%	254,353	30%
Total civilian population ages 16 and older	111,000	100%	848,459	100%
Industry				
Construction	22,000	28%	36,995	7%
Professional, scientific, management, administrative, and waste management services	15,000	19%	131,786	23%
Accommodation and food services, arts, entertainment, and recreation	11,000	14%	45,346	8%
Other services (except public administration)	7,000	9%	39,719	7%
Health services and social assistance	6,000	8%	120,758	21%
Employed population ages 16 and older	81,000	100%	567,498	66%
Household Income				
Below 50% of the poverty level	7,000	6%	42,835	4%
50-99% of the poverty level	9,000	8%	30,707	3%
100-149% of the poverty level	17,000	14%	59,763	6%
150-199% of the poverty level	19,000	16%	51,299	5%
At or above 200% of the poverty level	67,000	56%	865,256	82%
Total	119,000	100%	1,049,860	100%
Health Insurance				
Uninsured	61,000	51%	250,368	24%
Insured	58,000	49%	798,618	76%
Total	119,000	100%	1,048,986	100%
Homeownership				
Homeowner	36,000	30%	715,538	68%
Renter	83,000	70%	334,389	32%
Total	119,000	100%	1,049,927	100%

Sources: Migration Policy Institute, "[Unauthorized Immigrant Population Profiles: Montgomery County, Maryland](#)"; U.S. Census Bureau, American Community Survey (ACS) 1-Year Supplemental Estimates, Tables [K202301 \(Employment Status for the Population 16 Years and Over\)](#), [K202403 \(Industry for the Civilian Employed Population 16 Years and Over\)](#), [K201702 \(Ratio of Income to Poverty Level in the Past 12 Months\)](#), [K202702 \(Private Health Insurance Status\)](#), and [K202503 \(Total Population in Occupied Housing Units by Tenure\)](#), accessed February 12, 2026, for Montgomery County, Maryland (FIPS 24031), via data.census.gov