

# Economic Impact Statement

Montgomery County, Maryland

## Bill 27-26, Motor Vehicles and Traffic – Unlawful Racing and Street Takeovers Prohibited

### Summary

The Office of Legislative Oversight (OLO) anticipates that Bill 27-26 would have an indeterminate impact on overall economic conditions in the County, as measured by the Council’s priority economic indicators. This analysis focuses on the following feature of the Bill that is non-duplicative with State law—the proposal to authorize the Montgomery County Police Department (MCPD) to cite non-driving participants at illegal street racing and exhibition events. To assess its economic impacts, this analysis draws on the only study OLO found that examines the effectiveness of penalizing non-driving participants (“spectator ordinances”) on reducing illegal street racing, as well as studies on economic impacts of vehicular crashes, legal monetary sanctions, and incarceration in the U.S.

The Bill would negatively affect households with residents who receive fines or face short-term incarceration as a result of the spectator ordinance. Residents who receive citations would incur nondiscretionary household expenses to pay or challenge these fines, which would likely result in one-time reductions (or recurring reductions for repeat offenders) in household income. Financial consequences would be more severe for lower-income households, as well as those with residents who face short-term incarceration for participating in illegal street racing.

These negative impacts could be offset by economic benefits for some residents and businesses, if the Bill prevents vehicle crashes at future street-racing events in the County. By doing so, the Bill would mitigate crash-related nondiscretionary household expenditures and income losses for crash victims and their households, as well as potentially reduce costs for other road users.

If the spectator ordinance prevents street racing events, the Bill could benefit certain businesses where these events would otherwise occur by preventing revenue and other costs that these events cause in commercial districts. Additionally, if the Bill prevents vehicle crashes that would otherwise occur at future street-racing events in the County, some employers could see lower costs associated with employee injuries and fatalities, while other businesses (e.g., health care providers, vehicle repair shops) may face reduced demand and income.

OLO cannot determine the overall impact of the Bill due to limited evidence on the effectiveness of spectator ordinances and uncertainty in the magnitude and distribution of economic costs and benefits across residents and business entities.

## Background and Purpose of Bill 27-26

In 2024, the General Assembly passed House Bill 601, which increased penalties for street racing and exhibition driving in Maryland. Per this law, people who are convicted on these charges can have points added to their driver's license, be fined up to \$1,000, and face prison time.<sup>1</sup>

The purpose of Bill 27-26 is to create additional penalties for street racing, exhibition driving, and other similar events in the County. If enacted, Bill 27-26 would prohibit community members from engaging in “an unlawful race, speed contest, street takeover, exhibition driving event, or stunt driving event on any highway or roadway.” The Bill would also prohibit other conduct related to these events, such as:<sup>2</sup>

- Serving as timekeeper or flagger for an event;
- Helping to promote or organize an event; and
- Remaining in the crowd of an event after receiving an order to disperse from law enforcement.

Bill 27-26 would allow a violation of these proposed prohibitions to be punished as a Class A misdemeanor. This penalty carries a jail term of up to six months and/or fine of up to \$1000.<sup>3</sup> The Bill would also allow vehicles that are involved in these events to be seized by County police or other authorized officials.<sup>4</sup> The Council introduced Bill 27-26 on June 16, 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 27-26 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.<sup>5</sup>

**Scope of Analysis:** Most of the regulatory provisions proposed in Bill 27-26 aimed at curbing street racing and exhibition driving duplicate State law. These provisions would likely have little local impact, as State law already provides State's Attorneys with the legal authority to enforce these provisions.<sup>6</sup> This analysis, therefore, focuses on the following feature of the Bill that is non-duplicative—the proposal to authorize the Montgomery County Police Department (MCP) to cite non-driving participants in these events.

**Information Sources:** The Bill would likely have *direct* economic impacts through citations for non-driving participants and potentially *indirect* impacts if it reduces crashes from illegal street racing. To assess these impacts, this analysis draws primarily on the following sources of information:

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<sup>1</sup> [HB 601: Street Racing and Exhibition Driving – Prohibited Acts, Enforcement, and Penalties](#), Maryland General Assembly, 2024 Regular Session.

<sup>2</sup> Bill 27-26, [Introduction Staff Report for Bill 27-26](#), Montgomery County Council, Introduced June 16, 2026, pg. (3).

<sup>3</sup> [Montgomery County Code Sec. 1-19](#).

<sup>4</sup> Ibid.

<sup>5</sup> Montgomery County Code, [Sec. 2-81B, Economic Impact Statements](#).

<sup>6</sup> OLO communication with Council attorney, August 26, 2026.

- Cost-of-crash studies that estimate the economic costs generated by motor vehicle crashes for different groups of actors, in particular, the National Highway Traffic Safety Administration’s report, [The Economic and Societal Impact of Motor Vehicle Crashes, 2019 \(Revised\)](#).
- A peer-reviewed study published in 2006 on the effectiveness of San Diego’s spectator ordinance and other policies aimed at reducing illegal street racing, which is the only study that OLO identified on illegal street racing that examines penalties against non-driving participants.<sup>7</sup>
- Peer-reviewed literature reviews on the individual and family impacts of legal monetary sanctions and mass incarceration in the U.S.<sup>8</sup>

Inferences on the Bill’s potential economic impacts made in this analysis are based on findings from these studies, as well as a previous Economic Impact Statement that draws on cost-of-crash studies.<sup>9</sup>

## Variables

The economic effects of Bill 27-26 would primarily depend on the following variables:

- Number of citations for non-driving participants;
- Number of illegal street racing events; and
- Vehicular crashes at these events.

## Impacts

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

## Residents

OLO anticipates that Bill 27-26 would have an indeterminate impact on certain residents in the County.

### Direct Impacts on Non-Driving Participants

By authorizing MCPD to cite non-driving participants at illegal street racing events, the Bill would negatively affect residents who receive fines as a result of this provision. The Bill would classify non-driving participation in these events as a Class A violation that may be punished as a misdemeanor, with a fine up to \$1,000, jail term up to six months, and civil penalties of \$500 for first-time offenses and \$750 for repeat offenses.<sup>10</sup>

<sup>7</sup> John L. Worrall and Stephen G. Tibbetts, “[Explaining San Diego’s Decline in Illegal Street-Racing Casualties](#),” *Justice Quarterly* 23, no. 4 (2006): 530–44.

<sup>8</sup> LaScala-Gruenewald, Angela, and Leslie Paik. “[Legal Financial Obligations in the United States: A Review of Recent Research](#).” *Sociology Compass* 17, no. 5 (2023): e13070; Lee, Hedwig, and Christopher Wildeman. “[Assessing Mass Incarceration’s Effects on Families](#).” *Science* 374, no. 6565 (2021): 277–81; and Kirk, David S., and Sara Wakefield. “[Collateral Consequences of Punishment: A Critical Review and Path Forward](#).” *Annual Review of Criminology* 1, no. 1 (2018): 171–94.

<sup>9</sup> See [statement on Bill 17-26](#).

<sup>10</sup> Montgomery County Code, [Sec. 1-19. Fines and Penalties](#).

Residents who receive citations would incur nondiscretionary household expenses to pay or challenge these fines. All else being equal, these costs would result in one-time reductions (or recurring reductions for repeat offenders) in household income. These fines may have more adverse impacts for certain households. Studies have shown that fines and fees cause financial instability for households and can lead to wage garnishment, liens, and interceptions of tax refunds that push people further into poverty and debt, which, in turn, can result in education and employment losses. These impacts are especially harmful for lower income households.<sup>11</sup>

Households with residents who face short-term incarceration for participating in illegal street racing may experience more severe financial consequences. Research on the impacts of incarceration have found it is associated with declining employment prospects and future earnings, greater material insecurity and reliance on public assistance, rising legal debts, and housing instability. Furthermore, incarceration increases economic hardships that families of incarcerated individuals face.<sup>12</sup>

### **Potential Indirect Impacts on Other Residents**

The Bill could impact other residents if it successfully reduces illegal street racing events and vehicular crashes that occur at them.

Although numerous jurisdictions have instituted “spectator ordinances,”<sup>13</sup> OLO only found one study that has investigated their effectiveness. In 2002, San Diego instituted a law making it an arrestable offense to attend a street racing event. A 2006 study tested whether this spectator ordinance and other factors<sup>14</sup> were associated with a decrease in street racing injuries/fatalities. It found no evidence of the effectiveness of the spectator ordinance. The only factor that achieved statistical significance was the ordinance permitting the forfeiture of vehicles used in illegal street races and other exhibitions of speed (“forfeiture ordinance”).<sup>15</sup>

However, OLO is cautious to generalize about the effectiveness of spectator ordinances from this study because the study is based on a single jurisdiction and used a methodology to assess statistical associations and therefore by itself cannot establish a causal relationship.

If the spectator ordinance prevents street-racing events in the County, the Bill could avert out-of-pocket costs from uncovered medical expenses, lost income, and uncompensated time for crash victims and their households. In doing so, the Bill could mitigate crash-related nondiscretionary household expenditures and

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<sup>11</sup> LaScala-Gruenewald and Park. “Legal Financial Obligations in the United States.”

<sup>12</sup> Lee and Wildeman. “Assessing Mass Incarceration’s Effects on Families”; and Kirk and Wakefield. “Collateral Consequences of Punishment.”

<sup>13</sup> Examples include [Ohio](#) and [Florida](#).

<sup>14</sup> The other factors included a forfeiture ordinance, an increase in the number of sanctioned races, press coverage of illegal racing, and enhanced law-enforcement activity aimed at curbing the street racing.

<sup>15</sup> Worrall and Tibbetts, “Explaining San Diego’s Decline in Illegal Street-Racing Casualties.”

income losses. Additionally, the Bill could reduce costs for other road users associated with travel delays, excess fuel use caused by vehicle crashes, lower insurance premiums, and other costs linked to crashes.<sup>16</sup>

Beyond these potential impacts, the Bill is unlikely to affect other residents in terms of the Council's other priority economic indicators.

## **Businesses, Non-Profits, Other Private Organizations**

OLO anticipates that Bill 27-26 would have an indeterminate impact on certain private organizations in the County.

If the spectator ordinance prevents street racing events, the Bill could benefit certain businesses where these events would otherwise occur. Numerous sources have documented how street racing events often occur in commercial areas, including downtown Silver Spring MD, and how these events can disrupt commercial activity and lead to theft, vandalism and other crime.<sup>17</sup> Preventing these events would likely avert revenue losses and other costs that otherwise would occur.

Additionally, if the Bill prevents vehicle crashes, some employers could see lower costs from workplace disruption, overtime, retraining, and fringe benefits associated with employee injuries and fatalities. Some health care providers may face reduced demand for emergency, inpatient, and other care related to crashes, along with lower uncompensated or undercompensated care costs, and some vehicle repair shops and related businesses could lose income from collision work.

Beyond these potential impacts, OLO does not anticipate that the Bill would affect other private organizations in terms of the Council's other priority indicators

## **Overall Impact**

OLO anticipates that Bill 27-26 would have an indeterminate impact on overall economic conditions in the County due to limited evidence on the effectiveness of spectator ordinances as well as uncertainty in the magnitude and distribution of economic costs and benefits across residents and business entities.

## **Discussion Items**

Not applicable

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<sup>16</sup> See "Economics of Road Safety" section in the Economic Impact Statement for Bill 17-26, which summarizes the National High Traffic Safety Administration's report on the economic impacts of motor vehicle crashes.

<sup>17</sup> AAA Foundation for Traffic Safety, [Street Racing: Prevalence, Participation, and Public Concern](#), Research Brief, April 2026; Kenneth Peak and Ronald Glesner, [Street Racing](#), U.S. Department of Justice, December 2004; and ["Police cruisers smashed as street takeover mob swarms Silver Spring,"](#) WIJLA, February 24, 2026.

## 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.