



Committee: ECON
Committee Review: Completed
Staff: Jim Ogorzalek, Legislative Attorney
Purpose: Final action – vote expected

AGENDA ITEM #1C
 April 7, 2026
Action

SUBJECT

Bill 7-26, Buildings – Scope and Applicability – Exemptions – Buildings or Structures used exclusively for Agricultural Purposes – Amendments

Lead Sponsors: Council President Fani-González, Council Vice President Balcombe, and Councilmember Luedtke

Co-Sponsors: Councilmembers Sayles, Katz, and Evans

EXPECTED ATTENDEES

N/A

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- The Economic Development (ECON) Committee recommends (4-0) the enactment of Bill 7-26, with amendments.
- The Council will hold a roll call vote on the ECON Committee recommendation to enact Bill 7-26, with amendments.

DESCRIPTION/ISSUE

Bill 7-26 would:

- (1) clarify the agricultural purposes exemption to building permitting requirements; and
- (2) generally amend the law regarding buildings.

SUMMARY OF KEY DISCUSSION POINTS

N/A

This report contains:

Staff Report	Pages 1–3
Bill 7-26	© 1
Climate Assessment	© 4
Fiscal Impact Statement	© 7
Racial Equity and Social Justice Impact Statement	© 8
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MEMORANDUM

April 2, 2026

TO: County Council

FROM: Jim Ogorzalek, Legislative Attorney

SUBJECT: Bill 7-26, Buildings – Scope and Applicability – Exemptions – Buildings or Structures used exclusively for Agricultural Purposes – Amendments

PURPOSE: Action – roll call vote expected

<p>Committee Recommendation: The Economic Development (ECON) Committee voted (4-0) to recommend the enactment of Bill 7-26, with amendments.</p>

Bill 7-26, Buildings – Scope and Applicability – Exemptions – Buildings or Structures used exclusively for Agricultural Purposes – Amendments, was introduced on February 10, 2026. Its Lead Sponsors are Council President Fani-González, Council Vice President Balcombe, and Councilmember Luedtke. The bill’s Co-Sponsors are Councilmembers Sayles, Katz, and Evans. A public hearing occurred on March 10, 2026, at 9:30 a.m. The Economic Development (ECON) Committee considered the bill on March 23, 2026, and recommended (4-0) the enactment of the bill, with amendments.

Bill 7-26 would:

- (1) clarify the agricultural purposes exemption to building permitting requirements; and
- (2) generally amend the law regarding buildings.

Background

As presently in the County Code, Chapter 8 (Buildings) “applies to the construction, raising, lowering, moving, demolition or occupancy of all buildings and structures and their appurtenant construction” and must be constructed under a permit satisfying the Chapter, unless expressly exempted. M.C.C. § 8-1(c)–(d). One of the exemptions set forth in County Code is “a building or structure used exclusively for agricultural purposes on land used exclusively for agriculture.” M.C.C. § 8-1(d)(2). The term “agricultural purposes” is not defined in Chapter 8 (nor is the word agriculture or agricultural). In its capacity administering Chapter 8, the Department of Permitting Services has interpreted the exemption narrowly. As presently

administered, the exemption does not apply to structures where agricultural business operations are performed or where agricultural products are processed for market.

Bill Specifics

Bill 7-26 would define “Agricultural purpose” in Chapter 8 to clarify that it includes “the business, administration, or management of agriculture and the processing of an agricultural product to prepare the product for market,” aligned with definitions of agriculture set forth in Chapters 2B and 59 of the County Code. The bill further clarifies that the exemption does not extend to buildings or structures “in which customers or other members of the public consume food or beverage.” Thus, a permit under Chapter 8 would be required for any building or structure where those activities occur. Lastly, the bill deletes an exception to the exemption that functionally reiterates the exemption, which carries no legal effect but has the potential to confuse the public.

SUMMARY OF IMPACT STATEMENTS

Climate Assessment. “The Office of Legislative Oversight (OLO) anticipates Bill 7-26 will have no impact on the County’s contribution to addressing climate change as it proposes an updated definition of an existing building permit exemption in the County Code.”

Fiscal Impact. “The legislation has no fiscal impact on the Department of Permitting Services.”

Racial Equity and Social Justice Impact. “The Office of Legislative Oversight (OLO) anticipates Bill 7-26 would have a minimal impact on racial equity and social justice (RESJ) in the County. Because of the small number of businesses likely to be impacted, exempting agricultural businesses from building permitting requirements is not likely to meaningfully impact racial and social inequities in the County.”

Economic Impact. The Office of Legislative Oversight (OLO) “anticipates that Bill 7-26 would positively impact economic conditions in the County, as measured by the Council’s priority economic indicators. By clarifying that certain structures used exclusively for agricultural purposes on agricultural land are exempt from requiring County building permits, the Bill would primarily benefit certain farm owners and construction contractors.” OLO continues, “For farm owners, the Bill would likely reduce the cost of eligible projects due to reduced permitting fees and administrative time...For construction-related contractors, exempt projects may reduce their operating expenses by lowering unbillable administrative time and other inefficiencies.”

SUMMARY OF PUBLIC TESTIMONY

The County Council held a public hearing on Bill 7-26 on March 10, 2026, at 9:30 a.m. Speakers testified in support of Bill 7-26.¹ The Council also received additional testimony in support of the Bill. Specifically, testimony reflected an expectation that Bill 7-26 would help ease financial costs and complex permitting requirements for farmers.

¹ Written testimony is available here:

<https://www.montgomerycountymd.gov/COUNCIL/OnDemand/testimony/20260310/item1.html>.

SUMMARY OF THE COMMITTEE WORKSESSION

The Economic Development (ECON) Committee considered the bill on March 23, 2026, and recommended (4-0) the enactment of the bill, with amendments.

1. Clarifying relationship between Chapter 8 and State law

As introduced, the legislation provides an exception to the exemption, applying Chapter 8 to buildings or structures in which customers consume food or beverage. This language was not intended to contradict Maryland Code § 12-508 of the Public Safety Article, which provides that “an existing agricultural building used for agritourism is not considered a change of occupancy that requires a building permit.” Although the State statute contains occupancy limits for the structure and both “agricultural building” and “agritourism” are narrowly defined in the State statute and regulation, Staff recommended a clarifying amendment in the event there is a circumstance in which the State statutory exception might apply and conflict with this provision of Bill 7-26. The Committee adopted the proposed Staff amendment to better align the bill with State law.

Amend lines 21–25, as follows:

[a building or structure used for a purpose that is not exclusively agricultural, including conditional uses, even though located on otherwise agricultural land] a building or structure in which customers or other members of the public consume food or beverage, unless exempted under Maryland Code § 12-508 of the Public Safety Article, as amended; and

Next Step:² Roll call vote on whether to enact Bill 7-26.

<u>This packet contains:</u>	<u>Circle #</u>
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² The Council authorizes Council Legislative Attorneys to make non-substantive technical corrections necessary to fix any typographical, stylistic, formatting, or grammatical errors in Bill 7-26.

Bill No. 7-26
Concerning: Buildings – Scope and Applicability – Exemptions – Buildings or Structures used exclusively for Agricultural Purposes – Amendments
Revised: 3/25/2026 Draft No. 3
Introduced: February 10, 2026
Expiration: December 7, 2026
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Council President Fani-González, Council Vice President Balcombe, and
Councilmember Luedtke
Co-Sponsors: Councilmembers Sayles, Katz, and Evans

AN ACT to:

- (1) clarify the agricultural purposes exemption to building permitting requirements; and
- (2) generally amend the law regarding buildings.

By amending

Montgomery County Code
Chapter 8, Buildings
Sections 8-1 and 8-2

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

28 (B) an equestrian facility, building, or structure intended for use
29 by participants or spectators at an equestrian event;

30 * * *

31 **Sec. 8-2. Definitions.**

32 In this Chapter, the following words and phrases have the following meanings:

33 Agricultural Purpose. A use or function in performance of the work or storage of the
34 instruments or products of agriculture, as defined in Section 1.4.2 of Chapter 59.
35 Agricultural purpose includes the business, administration, or management of
36 agriculture and the processing of an agricultural product to prepare the product for
37 market.

38 * * *

Climate Assessment

Office of Legislative Oversight

BILL 7-26: BUILDINGS – SCOPE AND APPLICABILITY – EXEMPTIONS – BUILDINGS OR STRUCTURES USED EXCLUSIVELY FOR AGRICULTURAL PURPOSES - AMENDMENTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 7-26 will have no impact on the County’s contribution to addressing climate change as it proposes an updated definition of an existing building permit exemption in the County Code.

BACKGROUND AND PURPOSE OF BILL 7-26

Under the current County Code, there is an exemption to building permitting requirements for “a building or structure used exclusively for agricultural purposes on land used exclusively on agriculture.”¹ Agricultural purposes are not defined in Chapter 8 of the County Code and the exemption has been interpreted narrowly in practice. Currently, the exemption is not applied to structures where agricultural business operations are performed or processed for market.²

According to the lead sponsors, the purpose of Bill 7-26 is to “allow Montgomery County agricultural operators to run their businesses with less interference from inconsistent and unnecessary regulations.” If enacted, Bill 7-26 would:

- Define agricultural purpose in Chapter 8 to include “the business, administration, or management of agriculture and the processing of an agricultural product to prepare the product for market.” which aligns with definitions of agriculture set in other sections of the County Code;^{3,4}
- Clarify the exemption does not extend to buildings or structures where customers consume food or beverages, such as a brewery; and
- Delete confusing language regarding the exemption in Chapter 8, which would have no legal effect.⁵

Bill 7-26, Buildings – Scope and Applicability – Exemptions – Buildings or Structures Used Exclusively for Agricultural Purposes – Amendments was introduced by the County Council on February 10, 2026.

ANTICIPATED IMPACTS

As the Bill proposes an updated definition of an existing building permit exemption in the County Code, OLO anticipates Bill 7-26 will have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.⁶ OLO does not offer recommendations or amendments as Bill 7-26 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. 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.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptative capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

¹ [Montgomery County Code, COMCOR 08.14.01 Schedule of Fees for Permits, Licenses and Certifications, Accessed 2/13/2026.](#)

² [Staff Introduction Report for Bill 7-26, Montgomery County Council, Introduced February 10, 2026.](#)

³ See Chapters [2B](#) and [59](#) of County Code

⁴ [Staff Introduction Report for Bill 7-26, Montgomery County Council, Introduced February 10, 2026.](#)

⁵ [Ibid.](#)

⁶ Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022



Fiscal Impact Statement

Office of Management and Budget

Bill 7-26

Buildings - Scope and Applicability - Exemptions - Buildings or Structures used exclusively for Agricultural Purposes - Amendments

Bill Summary

Bill 7-26 clarifies that "Agricultural purpose" in Chapter 8 of the County Code includes the business, administration, and management of agriculture, as well as processing agricultural products for market, aligning with definitions in Chapters 2B and 59 to better support farmers. It exempts agricultural buildings from permit requirements, except those where the public consumes food or beverages.

Fiscal Impact Summary

The legislation has no fiscal impact on the Department of Permitting Services.

Fiscal Year	27	28	29	30	31	32	Total
Personnel Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Impact	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Fiscal Impact Analysis

The legislation has no fiscal impact on the Department of Permitting Services.

Staff Impact

The bill is not expected to impact staff time or duties.

Actuarial Analysis

The bill is not expected to impact retiree pension or group insurance costs.

Information Technology Impact

The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.

Other Information

Later actions that may impact revenue or expenditures if future spending is projected

The bill does not authorize future spending.

Contributors

Ehsan Motazed, Department of Permitting Services
Anita Aryeetey, Office of Management and Budget



Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 7-26: BUILDINGS - SCOPE AND APPLICABILITY - EXEMPTIONS - BUILDINGS OR STRUCTURES USED EXCLUSIVELY FOR AGRICULTURAL PURPOSES - AMENDMENTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 7-26 would have a minimal impact on racial equity and social justice (RESJ) in the County. Because of the small number of businesses likely to be impacted, exempting agricultural businesses from building permitting requirements is not likely to meaningfully impact racial and social inequities in the County.

PURPOSE OF RESJ IMPACT STATEMENTS

RESJ impact statements (RESJIS) evaluate the anticipated impact of legislation on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other People of Color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is essential to achieve RESJ.¹ This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.²

PURPOSE OF BILL 7-26

Under the current County Code, there is an exemption to building permitting requirements for “a building or structure used exclusively for agricultural purposes on land used exclusively on agriculture.”³ Agricultural purposes are not defined in Chapter 8 of the County Code and the exemption has been interpreted narrowly in practice. Currently, the exemption is not applied to structures where agricultural business operations are performed or processed for market.⁴

According to the lead sponsors, the purpose of Bill 7-26 is to “allow Montgomery County agricultural operators to run their businesses with less interference from inconsistent and unnecessary regulations.”⁵ If enacted, Bill 7-26 would:⁶

- Define agricultural purposes in Chapter 8 to include “the business, administration, or management of agriculture and the processing of an agricultural product to prepare the product for market,” which aligns with definitions of agriculture set in other sections of the County Code;⁷
- Clarify that the exemption does not extend to buildings or structures where customers consume food or beverage, such as a brewery; and
- Delete confusing language regarding the exemption in Chapter 8, which would have no legal effect.

The Council introduced Bill 7-26 on February 10, 2026.

This RESJIS builds on the one for Zoning Text Amendment (ZTA) 23-09, which OLO published in January 2024.⁸ Please refer to this RESJIS for background on racial inequities in the agriculture reserve and agricultural businesses.

RESJ Impact Statement

Bill 7-26

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 7-26 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

Current and prospective owners of agricultural businesses would benefit from being exempt from building permitting requirements. This would likely save them time and costs associated with getting a permit for certain building activities needed for their businesses. As shown in Table A (Appendix), agriculture producers in the County are predominantly White. Black, Latinx, and Asian community members are largely underrepresented among agriculture producers, while Native American community members are proportionately represented. However, an analysis of 2022 Census of Agriculture Data by Montgomery Planning shows there have been no more than 600 farms in the County over a 25-year period.⁹ Therefore, a small number of current and prospective businesses are likely to be impacted by this Bill. This is not likely to meaningfully impact racial and social inequities in the County.

Therefore, OLO anticipates Bill 7-26 would have a minimal impact on RESJ in the County.

RECOMMENDED AMENDMENTS

The County's RESJ Act requires OLO to consider whether to recommend amendments to bills that could reduce racial and social inequities and advance RESJ.¹⁰ OLO anticipates Bill 7-26 would have a minimal impact on RESJ in the County. As such, OLO does not offer recommended amendments.

CAVEATS

Two caveats to this RESJIS should be noted. First, predicting the impact of bills on RESJ is challenging due to data limitations, uncertainty, and other factors. Second, this RESJIS is intended to inform the Council's decision-making process rather than determine it. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

APPENDIX

Table A. Agriculture Producers by Race and Ethnicity, Montgomery County

Race or ethnicity	# (%) of Agriculture Producers	% County Population
Asian	28 (2.4)	15.4
Black	23 (1.9)	18.6
Native American	2 (0.2)	0.6
Pacific Islander	-	0.0
White	1,135 (95.5)	42.1
Latinx	34 (2.9)	21.0

Source: [2022 Census of Agriculture](#), U.S. Department of Agriculture and [Table DP05](#), 2024 American Community Survey 5-Year Estimates, Census Bureau.

RESJ Impact Statement

Bill 7-26

¹ Definition of racial equity and social justice adopted from M. Gamblin et al., [“Applying Racial Equity to U.S. Federal Nutrition Programs,”](#) Bread for the World and [Racial Equity Tools](#).

² Ibid.

³ [Code of Montgomery County Regulations Sec. 8-14](#)

⁴ [Introduction Staff Report for Bill 7-26](#), Montgomery County Council, introduced February 10, 2026.

⁵ [“Council President Fani-González, Council Vice President Balcombe and Councilmember Luedtke Introduce Bill to Remove Red Tape For Farms and Agriculture,”](#) Press Releases, Montgomery County Council, February 10, 2026.

⁶ Ibid.

⁷ Montgomery County Code of Regulations [Chapter 2B](#) and [Sec. 59-C-9](#)

⁸ [RESJIS for ZTA 23-09](#), Office of Legislative Oversight, January 3, 2024.

⁹ [“Summary of Montgomery County Agricultural Industry from the USDA Census and Agriculture and Gross Regional Product Data,”](#)

Montgomery Planning, 2024.

¹⁰ [Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council.](#)

Economic Impact Statement

Montgomery County, Maryland

Bill 7-26, Buildings – Scope and Applicability – Exemptions – Buildings or Structures used exclusively for Agricultural Purposes – Amendments

Summary

The Office of Legislative Oversight (OLO) anticipates that Bill 7-26 would positively impact economic conditions in the County, as measured by the Council's priority economic indicators. By clarifying that certain structures used exclusively for agricultural purposes on agricultural land are exempt from requiring County building permits, the Bill would primarily benefit certain farm owners and construction contractors. To assess its economic impact on these groups, OLO reviewed County sources to understand the required steps and applicant costs of the County's permitting process, as well as sources on the financial impacts of construction project delays.

For farm owners, the Bill would likely reduce the cost of eligible projects due to reduced permitting fees and administrative time, as well as potentially lowering material, labor, and financing costs. For construction-related contractors, exempt projects may reduce their operating expenses by lowering unbillable administrative time and other inefficiencies. Additionally, contractors may complete eligible projects more quickly and allocate their workforce and other resources to other projects. Together, these effects may improve business income for both groups.

Background and Purpose of Bill 7-26

Under current County Code, there is an exemption to building permitting requirements for “a building or structure used exclusively for agricultural purposes on land used exclusively on agriculture.”¹ The term “agricultural purposes” is not defined in Chapter 8 of the County Code, and the exemption has been interpreted narrowly in practice. Currently, the exemption is not applied to structures where agricultural business operations are performed or processed for market.²

According to the lead sponsors, the purpose of Bill 7-26 is to “allow Montgomery County agricultural operators to run their businesses with less interference from inconsistent and unnecessary regulations.” If enacted, Bill 7-26 would:

- Define agricultural purpose in Chapter 8 to include “the business, administration, or management of agriculture and the processing of an agricultural product to prepare the product for market.” which aligns with definitions of agriculture set in other sections of the County Code;^{3,4}

¹ [Montgomery County Code, COMCOR 08.14.01 Schedule of Fees for Permits, Licenses and Certifications, Accessed 2/13/2026.](#)

² [Staff Introduction Report for Bill 7-26, Montgomery County Council, Introduced February 10, 2026.](#)

³ See Chapters [2B](#) and [59](#) of County Code

⁴ [Staff Introduction Report for Bill 7-26, Montgomery County Council, Introduced February 10, 2026.](#)

- Clarify that the exemption does not extend to buildings or structures where customers consume food or beverage, such as a brewery; and
- Delete confusing language regarding the exemption in Chapter 8, which would have no legal effect.⁵

The County Council introduced Bill 7-26 on February 10, 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 7-26 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

In this analysis, OLO reviewed:

- Montgomery County Department of Permitting Services commercial building permit Process Guides (new construction, additions, interior alterations, and changes of use) and other related County sources to understand required steps and applicant costs.
- Sources on the financial impacts of construction project delays, including a peer-reviewed journal article and an industry guidance article.

This analysis does not consider two factors with potential economic consequences.

First, building codes and related regulations generally exist to address externalities such as fire spread, structural failures, disaster losses, and certain environmental risks. These externalities can impose real economic costs on third parties, including neighboring property owners and taxpayers.⁷ However, OLO was unable to identify empirical assessments of how exempting on-farm operational and processing structures from building permit requirements affects the economic or other externalities these structures may pose. As a result, this statement does not assess any change in externalized risk that could follow from this policy change.

Additionally, this analysis does not account for the economic opportunity cost associated with foregone building permit revenues, namely the potential value of alternative uses of those revenues.

Variables

The primary variables that would affect the economic impacts of enacting Bill 7-26 are the following:

- Number of qualifying projects;
- Total permitting costs; and

⁵ [Ibid.](#)

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

⁷ Ellen Vaughn and Jim Turner, "[The Value and Impact of Building Codes.](#)" Environmental and Energy Study Institute, September 30, 2013.

- Average time of project completion.

Impacts

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

Businesses, Non-Profits, Other Private Organizations

OLO anticipates that Bill 7-26 would positively impact certain private organizations in the County.

The Bill would amend Chapter 8 of the County building code to clarify that structures used exclusively for agricultural purposes on agricultural land—including agricultural business operations, administration, management, and processing of products for market—are exempt from building permits, except for buildings where the public consumes food or beverages.

This policy change would primarily benefit local farm owners and construction-related contractors.

The exemption would remove the requirement for farm owners or its contractor (e.g. construction firm, engineer, or architect acting as the owner’s agent)⁸ to apply to DPS for commercial building permits for farm structures. These may include permits for new agricultural buildings, additions to existing barns or processing spaces, interior alterations to on-farm offices or product-handling areas, and changes of use that would otherwise reclassify an agricultural building as a commercial occupancy.⁹

In the absence of this exemption, a farm owner or its contractor must go through the County’s commercial building permit process with DPS. This involves applying and paying online, submitting engineered plans for multi-agency review, paying commercial permit fees, and passing required inspections before receiving final approval and occupancy.

Exempting permits for these projects would likely reduce operating expenses in two ways:

- Reduce direct permitting costs (fees and related administrative expenses); and
- Facilitate timelier completion of projects by avoiding permit-related delays, which can otherwise increase labor, material, contractor, and financing costs.¹⁰

For **farm owners**, reduced permitting fees and administrative time lower the cost of eligible construction projects. Cost savings would occur through lower permitting costs as well as potentially carrying costs on

⁸ The County allows property owners or contractors to apply for building permits. Montgomery County Code, [Sec. 8-24. Application for Permit](#); and MC311, [“Eligibility to Apply for a Building Permit,”](#) Montgomery County Government.

⁹ Montgomery County Department of Permitting Services, *Process Guides* for [“Commercial New Construction Permit & Inspection,”](#) [“Commercial Additions Permit & Inspection,”](#) [“Commercial Interior Alteration Building Permit & Inspection,”](#) and [“Commercial Change of Use Permit & Inspection,”](#) *Montgomery County Government*, accessed March 10, 2026.

¹⁰ Charan V. et al., [“A Literature Review on Impact of Delays in Construction in Terms of Time, Cost and Quality,”](#) *International Research Journal of Modernization in Engineering, Technology and Science* 5, no. 9 (September 2023); Phillip Ross, [“The Financial Impact of Project Delays: Prevention and Mitigation Strategies,”](#) Construction Industry Council; and Curtis Beaty et al., [Assessing the Costs Attributed to Project Delays](#) (Texas Transportation Institute, Texas A&M University System, September 2011).

financing and lower material and labor costs. Holding all else equal, these effects would reduce the cost of on-farm structures and may improve business income over time.

For **construction-related contractors**, exempt projects may reduce their operating expenses by lowering unbillable administrative time and other inefficiencies. Additionally, eligible projects may be completed quicker and allocate their workforce and other resources to other projects. Together, these effects may increase contractor profitability on farm-related construction projects.

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

Residents

OLO anticipates that Bill 7-26 would have insignificant direct impacts on certain residents in the County.

Net Impact

OLO anticipates that Bill 7-26 would positively impact overall economic conditions in the County. As previously discussed, exempting eligible projects from County building permits would likely reduce operating expenses and potentially increase business incomes for farm owners and construction-related contractors.

As previously stated, this analysis does not account for potential economic impacts of alternative uses of foregone permit revenue. In addition, if exempting eligible projects from building code requirements generates negative externalities for local third parties, these economic costs would offset the Bill's overall economic benefits to the County.

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.