

MEMORANDUM

October 26, 2026

TO: Health and Human Services (HHS) Committee
Public Safety (PS) Committee

FROM: Jim Ogorzalek, Legislative Attorney

SUBJECT: Bill 34-26, Health and Sanitation – Bodywork Establishments – Amendments

PURPOSE: Worksession

Invited Attendees:

Debbie Fesinstein – Chief, Special Victims’ Division, SAO
Kenny Welch – Senior Administrator, Licensure and Regulatory Services, DHHS
Detective Melissa Dzenkowski – MCPD
Detective Corporal Lisa Killen – MCPD

Bill 34-26, Health and Sanitation – Bodywork Establishments – Amendments, was introduced on July 21, 2026. Its Lead Sponsor is Councilmember Luedtke. Its Co-Sponsors are Council President Fani-González, Councilmembers Stewart, Katz, Friedson, Evans, and Mink, Council Vice President Balcombe, and Councilmembers Jawando and Sayles. A public hearing occurred on September 15, 2026, at 1:30 p.m. A worksession of the Joint Health and Human Services and Public Safety (HHS/PS) Committee is scheduled for October 29, 2026, at 1:30 p.m.

Bill 34-26 would:

- (1) prohibit the issuance of a bodyworks establishment license when the establishment has as a corporate officer or business manager an individual who has been convicted of, pled guilty or nolo contendere to, or served any term of probation as a result of being charged with certain crimes or who previously served as a corporate officer or business manager of a bodyworks establishment the license of which was revoked;
- (2) define certain terms related to bodyworks establishments;
- (3) require bodyworks establishments to identify all individuals serving as a corporate officer or business manager of the establishment; and
- (4) generally amend the law regarding bodywork establishments.

Background

In 2015, the Council first regulated bodywork establishments, including the issuance of licenses by the Department of Health and Human Services and enforcement by the Police Department. That regulatory scheme was implemented because bodywork establishments had emerged as a front for human trafficking. Under current law, however, there remain loopholes through which an individual associated with a bodywork establishment that violates State or County law could open or manage a new bodywork establishment within the County.

Bill Specifics

Bill 34-26 seeks to prevent individuals who were affiliated in certain ways with a bodywork establishment that was the target of enforcement efforts under existing County law from opening and operating a different bodywork establishment elsewhere in the County. The bill defines the term corporate officer or business manager, which is the level of ownership or employment within a bodywork establishment necessary to trigger certain reporting requirements under the law. It requires bodywork establishment licensees to provide a list of all individuals meeting that definition within the corporate entity. The bill also prohibits the issuance of a license to an establishment where a corporate officer or business manager is currently pending adjudication or has been found to have violated certain state laws or where the corporate officer or business manager was a corporate officer or business manager of a bodywork establishment that had its license revoked by the County.

SUMMARY OF IMPACT STATEMENTS

Climate Assessment. “The Office of Legislative Oversight (OLO) anticipates Bill 34-26 will have no impact on the County’s contribution to addressing climate change as it is proposing regulations to prevent human trafficking in bodywork establishments operating in the County.”

Fiscal Impact. “Bill 34-26 creates no additional expenditures in FY27, including \$0 in one-time costs and \$0 in ongoing costs. Annual expenditures total \$0 each year thereafter. The department will require no new positions (0.0 FTE) to implement this bill. The bill is expected to generate no additional revenue in the first year, and each year thereafter.”

Racial Equity and Social Justice. “The Office of Legislative Oversight (OLO) anticipates Bill 34-26 could have a positive impact on racial equity and social justice (RESJ) in the County. If Bill 34-26 works as intended and reduces human trafficking in the County, it could especially benefit Black, Indigenous, and other People of Color (BIPOC) community members since human trafficking often relies on the dehumanization and exploitation of BIPOC and other marginalized groups.”

Economic Impact. “The Office of Legislative Oversight (OLO) anticipates that Bill 34-26 would have an indeterminate impact on overall economic conditions in the County, as measured by the Council’s priority economic indicators. . . .

The businesses primarily impacted by the Bill would be bodywork establishments. Disqualified establishments could be unable to obtain or renew a license unless they restructure

their ownership or management, potentially resulting in foregone operating revenue, business interruption, restructuring costs, and possible closure or wind-down. However, the Bill may increase demand for compliant establishments by diverting business from disqualified establishments to compliant competitors and by increasing consumer confidence in the licensed bodywork market. As discussed below, other businesses that could be affected are commercial landlords, investors, attorneys, accountants, and other professional service providers.

The Bill may reduce the risk that County residents are subjected to labor exploitation in bodywork establishments, thereby helping to mitigate economic harms like debt bondage, low or withheld wages, unpaid work, coerced labor, and excessively long or unpredictable work hours.

The Bill could also have mixed employment effects. Compliant establishments may increase worker hours, hiring or compensation if demand increases, while workers at disqualified establishments may experience reduced hours, lost wages, or job loss.”

SUMMARY OF PUBLIC TESTIMONY

The Council held a public hearing on Bill 34-26 on September 15, 2026. The Council also received additional written testimony as part of the record. Testimony received was largely in support of the Bill.

The State's Attorney's Office and the Human Trafficking Prevention Committee testified in strong support of Bill 34-26, emphasizing that the bill would strengthen the County's ability to prevent human trafficking by requiring disclosure of corporate officers and business managers on bodyworks establishment license applications, and by prohibiting licenses where those individuals have relevant criminal histories or previously managed establishments whose licenses were revoked. The Human Trafficking Prevention Committee also offered several friendly amendments to further strengthen the bill, including expanding language to cover additional types of criminal case dispositions not currently addressed.

The Council received considerable written testimony in support of the bill's anti-trafficking goals but urging amendment to remove prostitution-related offenses as a basis for denying a bodyworks establishment license. Those offering the amendment agreed that preventing convicted human traffickers from reopening establishments under new names is a legitimate and important goal. However, they argued that the bill as written conflates sex work with sex trafficking, treating them as equivalent when they are legally and morally distinct.

ISSUES FOR THE COMMITTEE'S CONSIDERATION¹

1. Amendment to add probation before judgment to enumerated adjudicatory postures.

The bill, as introduced, contains a list of civil and criminal offenses that would disqualify an individual from certain participation in bodywork establishments. The section contemplates a list of potential adjudicatory postures resulting from the offenses to which the prohibition applies. Councilmember Luedtke offers the following amendment to add to the list of adjudicatory postures probation before judgment.

¹ The Committee authorizes Council Legislative Attorneys to make non-substantive technical corrections necessary to fix any typographical, stylistic, formatting, or grammatical errors in Bill 34-26.

Amend lines 17–30 as follows:

(10) The Director must not issue a bodywork establishment license to any establishment that has a corporate officer or business manager:

* * *

(B) who is currently pending adjudication, has been found by a relevant adjudicatory body to have been in violation of, has been convicted of, pled guilty or nolo contendere to, had a charge disposed of under Maryland Rule 4-248, was placed on probation before judgment under § 6-220 of the Criminal Law Article unless expunged, or served any term of probation as a result of being charged with a crime under Title 3, Subtitles 3, 11, and 12, or Title 11, Subtitle 3 of the Criminal Law Article or a violation of § 6-401(e) or § 6-501(b) of the Health Occupations Article of the Maryland Code, as amended.

2. Discussion on how to address prostitution and related crimes.

The bill, as introduced, contains a list of enumerated offenses, if charged and certain adjudicatory postures were satisfied, that would disqualify an individual from certain participation in bodywork establishments. Councilmember Mink wishes to raise for discussion the issue of whether the offense of prostitution ought to be included in that list. Based upon the Committee's discussion, several different approaches are available to the Committee, should it elect to revise the bill to address this issue.

Option A. Remove Disposition by Stet from included adjudicatory postures

Amend lines 17–30 as follows:

(10) The Director must not issue a bodywork establishment license to any establishment that has a corporate officer or business manager:

* * *

(B) who is currently pending adjudication, has been found by a relevant adjudicatory body to have been in violation of, has been convicted of, pled guilty or nolo contendere to, [[had a charge disposed of under Maryland Rule 4-248,]] or served any term of probation as a result of being charged with a crime under Title 3, Subtitles 3, 11, and 12, or Title 11, Subtitle 3 of the Criminal Law Article or a violation of § 6-401(e) or § 6-501(b) of the Health Occupations Article of the Maryland Code, as amended.

Option B. Remove engaging in prostitution or assignation from disqualifying crimes

Amend lines 17–30 as follows:

(10) The Director must not issue a bodywork establishment license to any establishment that has a corporate officer or business manager:

* * *

(B) who is currently pending adjudication, has been found by a relevant adjudicatory body to have been in violation of, has been convicted of, pled guilty or nolo contendere to, had a charge disposed of under Maryland Rule 4-248, or served any term of probation as a result of being charged with a crime under Title 3, Subtitles 3, 11, and 12, or Title 11, Subtitle 3 of the Criminal Law Article (except § 11-303) or a violation of § 6-401(e) or § 6-501(b) of the Health Occupations Article of the Maryland Code, as amended.

Option C. Remove all prostitution and related crimes from disqualifying crimes

Amend lines 17–30 as follows:

(10) The Director must not issue a bodywork establishment license to any establishment that has a corporate officer or business manager:

* * *

(B) who is currently pending adjudication, has been found by a relevant adjudicatory body to have been in violation of, has been convicted of, pled guilty or nolo contendere to, had a charge disposed of under Maryland Rule 4-248, or served any term of probation as a result of being charged with a crime under Title 3, Subtitles 3, 11, and 12[[, or Title 11, Subtitle 3]] of the Criminal Law Article or a violation of § 6-401(e) or § 6-501(b) of the Health Occupations Article of the Maryland Code, as amended.

This packet contains:

Bill 34-26
Lead Sponsor’s Letter to Colleagues
Climate Assessment
Fiscal Impact Statement
Racial Equity and Social Justice Impact Statement
Economic Impact Statement

Circle #

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Bill No. 34-26
Concerning: Health and Sanitation –
Bodywork Establishments –
Amendments
Revised: 9/8/2026 Draft No. 2
Introduced: July 21, 2026
Expiration: December 7, 2026
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Luedtke

Co-Sponsors: Council President Fani-González and Councilmembers Stewart, Katz, Friedson, Evans, and Mink, Council Vice President Balcombe, and Councilmembers Jawando and Sayles

AN ACT to:

- (1) prohibit the issuance of a bodyworks establishment license when the establishment has as a corporate officer or business manager an individual who has been convicted of, pled guilty or nolo contendere to, or served any term of probation as a result of being charged with certain crimes or who previously served as a corporate officer or business manager of a bodyworks establishment the license of which was revoked;
- (2) define certain terms related to bodyworks establishment;
- (3) require bodyworks establishments to identify all individuals serving as a corporate officer or business manager of the establishment; and
- (4) generally amend the law regarding bodywork establishments.

By amending

Montgomery County Code
Chapter 24, Health and Sanitation
Section 24-8B

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:

Sec. 1. Section 24-8B is amended as follows:

Sec. 24-8B. Bodywork Establishments.

(a) *Definitions.* As used in this Section, the following words and phrases have the following meanings:

* * *

Corporate officer or business manager means any individual holding a senior level position within a bodywork establishment by virtue of an equity ownership stake, corporate structure leadership, or operational management such that the individual has or can reasonably be expected to have control or knowledge of the establishment's operations.

Corporate officer or business manager includes any owner, shareholder, member, partner, director, or general manager, regardless of official or formal title within the organization.

* * *

(c) Bodywork establishment.

* * *

(10) The Director must not issue a bodywork establishment license to
any establishment that has a corporate officer or business manager:

(A) who previously served as a corporate officer or business manager of a bodywork establishment if the license of the establishment was revoked under this Section; or

(B) who is currently pending adjudication, has been found by a relevant adjudicatory body to have been in violation of, has been convicted of, pled guilty or nolo contendere to, had a charge disposed of under Maryland Rule 4-248, or served any term of

probation as a result of being charged with a crime under Title 3, Subtitles 3, 11, and 12, or Title 11, Subtitle 3 of the Criminal Law Article or a violation of § 6-401(e) or § 6-501(b) of the Health Occupations Article of the Maryland Code, as amended.

(d) *Bodywork establishment licensee.*

(1) The licensee, if an individual, or an owner's representative designated under subsection (c)(1), must

* * *

(E) provide a passport-size photograph, fingerprints, and a list of the individual's occupation or employment for the 3 years before filing the application; [and]

(F) if the applicant is not a United States citizen, provide evidence of legal presence and employability in the United States[.]; and

(G) submit at the time of application and supplement, as necessary to maintain accuracy, a comprehensive list of the names of all individuals serving as a corporate officer or business manager of the establishment.



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

DAWN LUEDTKE
COUNCILMEMBER
DISTRICT 7

MEMORANDUM

July 13, 2026

From: Councilmember Dawn Luedtke 
To: All Councilmembers
Subject: Introduction of Bill XX-26, *Health and Sanitation - Bodyworks Amendments*

Dear Colleagues,

Human trafficking is a pervasive crime that often operates behind the façade of legitimate businesses, including illicit massage and bodyworks establishments. Over the last several years, Montgomery County has strengthened oversight of these businesses through regional collaboration and proactive enforcement. A troubling gap remains in which individuals associated with bodyworks establishments that have engaged in human trafficking or related criminal activity are still able to open new establishments under different business entities or LLCs, allowing the cycle of exploitation to continue.

On July 21, I will introduce Bill XX-26, *Health and Sanitation - Bodyworks Amendments* to close that loophole. The bill requires applicants for bodyworks establishment licenses to disclose all individuals serving as corporate officers or business managers to the Department of Health and Human Services (HHS). It also prohibits HHS from issuing a bodyworks establishment license to an applicant whose corporate officers or business managers have previously been convicted of, pled guilty or nolo contendere to, or otherwise been found responsible for specified human trafficking- and prostitution-related offenses, or previously managed or owned a bodyworks establishment whose license was revoked. We developed this proposal in consultation with the Montgomery County Police Department and subject matter experts serving on the Human Trafficking Prevention Commission. HHS's Licensure and Regulatory Services has confirmed its ability to administer these requirements.

By ensuring individuals with a history of exploiting bodyworks practitioners and establishments cannot simply reorganize under a new business entity and obtain another license, this legislation protects consumers and legitimate businesses. *Health and Sanitation - Bodyworks Amendments* also underscores our County's commitment to combatting trafficking in all of its insidious forms. Thank you for your attention and please do not hesitate to reach out if you have any questions or would like to support as a co-sponsor.

Cc: Jim Ogorzalek, Legislative Attorney

Climate Assessment

Office of Legislative Oversight

BILL 34-26: HEALTH AND SANITATION – BODYWORK ESTABLISHMENTS - AMENDMENTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 34-26 will have no impact on the County's contribution to addressing climate change as it is proposing regulations to prevent human trafficking in bodywork establishments operating in the County.

BACKGROUND AND PURPOSE OF BILL 34-26

Bodywork establishments are those that provide services such as massages, reflexology, and acupressure.¹ Currently, the County requires establishments who provide bodywork services to be permitted by the Department of Health and Human Services (DHHS). According to the introduction staff report for Bill 34-26, these regulations were put in place in 2015 as bodywork establishments had emerged as a front for human trafficking.²

Bill 34-26 seeks to create more regulations to prevent human trafficking in bodywork establishments through the following:

- Prohibiting the issuance of a license if a corporate officer or business manager of the bodyworks establishment has been convicted of, pled guilty or nolo contendere to, or served any term of probation as a result of being charged with specific human-trafficking and prostitution-related crimes;
- Prohibiting the issuance of a license if a corporate officer or business manager previously worked at a bodyworks establishment whose license was revoked; and
- Requiring bodywork establishments to identify all individuals serving as a corporate officer or business manager of the establishment.³

Bill 34-26 was introduced by the County Council on July 21, 2026.

ANTICIPATED IMPACTS

As the Bill is proposing regulations to prevent human trafficking in bodywork establishments operating in the County, OLO anticipates Bill 34-26 will have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions and community climate resilience.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.⁴ OLO does not offer recommendations or amendments as Bill 34-26 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 and community climate resilience.

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 increase the County's community climate 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 DHHS, [Bodywork License](#), Accessed 7/27/2026.

² Montgomery County Council, [Introduction Staff Report for Bill 34-26](#), Introduced July 21, 2026.

³ [Ibid.](#)

⁴ 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 34-26

Health and Sanitation - Bodywork Establishments - Amendments

Bill Summary

This bill amends the law requiring bodyworks establishments to identify individuals serving as an owner or manager of a bodyworks establishment and prohibits the issuance of a license when the establishment has an owner, corporate officer, or business manager who has been convicted, pled guilty, or served probation for certain crimes or was the owner/manager of a bodyworks establishment in which the license was revoked.

Fiscal Impact Summary

Bill 34-26 creates no additional expenditures in FY27, including \$0 in one-time costs and \$0 in ongoing costs. Annual expenditures total \$0 each year thereafter. The department will require no new positions (0.0 FTE) to implement this bill. The bill is expected to generate no additional revenue in the first year, and each year thereafter.

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

There is no estimated fiscal impact associated with Bill 34-26.

Staff Impact

While the bill will create some additional reviews of incoming applications, the Department of Health and Human Services, Licensure and Regulatory Services group will be able to absorb this work with existing staff. Enforcement is assumed to be the same as presently applied. In FY26, there were 52 licensed bodyworks businesses.

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.

Ranges of revenue or expenditures that are uncertain or difficult to project

It is uncertain to predict if there will be a loss in revenue due to businesses unable to be licensed or how many businesses this bill will affect. However, the current 52 businesses that are licensed provided FY26 licensing revenue of \$4,450.

Sources of information

N/A





Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 34-26: HEALTH AND SANITATION - BODYWORK ESTABLISHMENTS - AMENDMENTS

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 34-26 could have a positive impact on racial equity and social justice (RESJ) in the County. If Bill 34-26 works as intended and reduces human trafficking in the County, it could especially benefit Black, Indigenous, and other People of Color (BIPOC) community members since human trafficking often relies on the dehumanization and exploitation of BIPOC and other marginalized groups.

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 34-26

Bodywork establishments provide services such as massages, reflexology, and acupressure. Currently, the County requires these establishments to be licensed by the Department of Health and Human Services (DHHS).³ According to Council staff, these regulations were put in place in 2015, as bodywork establishments had emerged as a front for human trafficking.⁴

The purpose of Bill 34-26 is to create more regulations to prevent human trafficking in bodywork establishments in the County. If enacted, Bill 34-26 would require bodyworks establishments to disclose all individuals serving as a corporate officer or business manager of the establishment. The Bill would prohibit DHHS from issuing a bodywork establishment license if the corporate officer or business manager:⁵

- Is pending adjudication or has been convicted of, pled guilty or nolo contendere to, or served probation for specific human-trafficking or prostitution-related crimes; or
- Previously worked at a bodywork establishment whose license was revoked.

Of note, County law currently requires the bodywork establishment license to be renewed annually.⁶ Thus, Bill 34-26 would apply to new and existing bodywork establishments.

According to the Bill's lead sponsor, Bill 34-26 is intended to protect consumers and businesses and underscore the County's commitment to combat human trafficking.⁷

The Council introduced Bill 34-26 on July 21, 2026.

This RESJIS builds on the one for Bill 25-24, Contracts and Procurement - Prohibition Against Human Trafficking – Enforcement, which OLO published in November 2024.⁸

RESJ Impact Statement

Bill 34-26

ANTICIPATED RESJ IMPACTS

As noted by Polaris, an organization dedicated to ending human trafficking, illicit massage businesses (IMBs) are “a venue that use the cover of a legitimate bodywork or massage business to provide commercial sex acts to a customer base of sex buyers.”⁹ Many IMBs are operated by organized sex-trafficking networks that coerce and control vulnerable women into sex work.¹⁰ Traffickers recruit many of their victims from abroad, often luring them through fake job opportunities.¹¹ In a 2018 brief, Polaris noted that almost all IMB sex trafficking victims in the U.S. were recently arrived immigrants from China or South Korea.¹²

Though illegal, IMBs are often able to operate in plain sight with minimal consequences. Polaris’ 2018 study found an estimated 9,000 IMBs were in operation across the U.S.¹³ Further, IMBs are among the top venues for sex-trafficking reported to the National Human Trafficking Hotline.¹⁴

A February 2026 press release from the County Executive noted there are 46 licensed bodywork establishments in the County. According to the press release, since 2024, 25 spas in the County have been issued civil citations, and 13 spa owners have been charged with felonies for illegal massage operations.¹⁵

To consider the anticipated impact of Bill 34-26 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?

If Bill 34-26 works as intended, it could prevent the operation of new and existing IMBs in the County.

Community members who seek bodywork services could benefit from more assurance that bodywork businesses in the County are legitimate and not a front for sex trafficking if Bill 34-26 works as intended. Conversely, **legitimate bodywork businesses in the County** could be burdened by additional administrative requirements to obtain a license. However, businesses could also benefit from improved perceptions that they are not potential IMBs if Bill 34-25 works as intended. OLO does not have sufficient information to estimate the racial and ethnic demographics of owners and customers of bodywork businesses. Nonetheless, OLO does not anticipate benefits and burdens to these groups would meaningfully impact community members by race and ethnicity nor racial and social inequities in the County.

Victims who are trafficked in IMBs could be impacted by their closure if Bill 34-26 works as intended. IMBs often operate as part of larger networks that have businesses across different jurisdictions.¹⁶ So when individual IMBs are shut down, traffickers often transfer victims to other IMBs in their network, including to communities with less stringent regulations.¹⁷ Therefore, it is unclear if Bill 34-26 would generally change conditions for victims who are trafficked in IMBs. Notably, research from Polaris suggests that Asian women are disproportionately victimized by sex trafficking in IMBs.

Community members at-large could benefit from decreased human trafficking in the County if Bill 34-26 works as intended. Generally, human trafficking rests on the dehumanization and exploitation of BIPOC and other marginalized groups.¹⁸ Thus, BIPOC community members could especially benefit from decreased human trafficking within the County.

Taken together, OLO anticipates Bill 34-26 could have a positive impact on RESJ in the County.

RESJ Impact Statement

Bill 34-26

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.¹⁹ OLO anticipates Bill 34-26 could have a positive 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.

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 ["Bodywork License,"](#) Department of Health and Human Services.

⁴ [Introduction Staff Report for Bill 34-26](#), Montgomery County Council, Introduced July 21, 2026, pg. 1.

⁵ Ibid.

⁶ [Montgomery County Code Sec. 24-8B](#).

⁷ Ibid, pgs. (4)-(5).

⁸ [RESJIS for Bill 25-24](#), Office of Legislative Oversight, November 14, 2024.

⁹ ["Human Trafficking in Illicit Massage Businesses,"](#) Polaris.

¹⁰ Ibid.

¹¹ ["Human Trafficking in Massage Businesses: A Deeply Manipulated Sense of "Choice","](#) Polaris, June 1, 2018.

¹² ["Hidden in Plain Sight: How Corporate Secrecy Facilitates Human Trafficking in Illicit Massage Parlors,"](#) Polaris, April 1, 2018, pg. 1.

¹³ Ibid.

¹⁴ ["National Statistics,"](#) National Human Trafficking Hotline.

¹⁵ ["Montgomery County Executive Marc Elrich and the Human Trafficking Prevention Committee Launch 'Look Before You Book' Campaign,"](#) Press Releases, Montgomery County Government, February 6, 2026.

¹⁶ ["Human Trafficking in Illicit Massage Businesses,"](#) Polaris, pg. 1.

¹⁷ ["Hidden in Plain Sight: How Corporate Secrecy Facilitates Human Trafficking in Illicit Massage Parlors,"](#) Polaris, April 1, 2018, pgs. 3-5.

¹⁸ [RESJIS for Bill 25-24](#), pg. 2.

¹⁹ [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 34-26, Health and Sanitation – Bodywork Establishments – Amendments

Summary

The Office of Legislative Oversight (OLO) anticipates that Bill 34-26 would have an indeterminate impact on overall economic conditions in the County, as measured by the Council's priority economic indicators. The Bill would require bodywork establishments to disclose all individuals serving as a corporate officer or business manager and prohibit the Department of Health and Human Services (DHHS) from issuing a bodywork establishment license if a corporate officer or business manager is being charged with human trafficking or prostitution-related violations or who previously served in these roles at an establishment whose license was revoked.

To assess the Bill's economic impacts, this analysis draws on relevant Maryland State statutes, County sources on human trafficking and enforcement related to local bodywork establishments, and a report examining trafficking in bodywork establishments.

The businesses primarily impacted by the Bill would be bodywork establishments. Disqualified establishments could be unable to obtain or renew a license unless they restructure their ownership or management, potentially resulting in foregone operating revenue, business interruption, restructuring costs, and possible closure or wind-down. However, the Bill may increase demand for compliant establishments by diverting business from disqualified establishments to compliant competitors and by increasing consumer confidence in the licensed bodywork market. As discussed below, other businesses that could be affected are commercial landlords, investors, attorneys, accountants, and other professional service providers.

The Bill may reduce the risk that County residents are subjected to labor exploitation in bodywork establishments, thereby helping to mitigate economic harms like debt bondage, low or withheld wages, unpaid work, coerced labor, and excessively long or unpredictable work hours.

The Bill could also have mixed employment effects. Compliant establishments may increase worker hours, hiring or compensation if demand increases, while workers at disqualified establishments may experience reduced hours, lost wages, or job loss.

Because the effects would likely vary across local stakeholders and the apparent lack of studies directly evaluating comparable ownership- or management-disclosure and licensing-disqualification requirements, OLO is unable to determine the aggregate economic impact of the Bill as measured by the Council's priority Indicators.

Background and Purpose of Bill 34-26

Bodywork establishments provide services such as massages, reflexology, and acupuncture.¹ Currently, the County requires these establishments to be licensed by the DHHS. According to Council staff, these regulations were put in place in 2015, as bodywork establishments had emerged as a front for human trafficking.²

The purpose of Bill 34-26 is to prevent human trafficking in bodywork establishments in the County. If enacted, Bill 34-26 would require bodywork establishments to disclose all individuals serving as a corporate officer or business manager of the establishment. The Bill would prohibit DHHS from issuing a bodywork establishment license if the corporate officer or business manager:

- Is pending adjudication or has been convicted of, pled guilty or nolo contendere to, or served probation for specific human trafficking or prostitution-related crimes; or
- Previously worked at a bodywork establishment whose license was revoked.³

Of note, County law currently requires the bodywork establishment license to be renewed annually.⁴ Thus, Bill 34-26 would apply to new and existing bodywork establishments.

The Council introduced Bill 34-26 on July 21, 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 34-26 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.⁵

This analysis will focus on the provisions of the Bill that:

- Require bodywork-establishment license applicants to disclose all individuals serving as "corporate officers or business managers" and update that information as necessary.
- Define "corporate officers or business managers" as "any individual holding a senior level position within a bodywork establishment by virtue of an equity ownership stake, corporate structure leadership, or operational management," which would include "any owner, shareholder, member, partner, director, or general manager, regardless of official or formal title within the organization."

¹ Montgomery County DHHS, [Bodywork License](#), Accessed 7/27/2026.

² Montgomery County Council, [Introduction Staff Report for Bill 34-26](#), Introduced July 21, 2026.

³ Ibid.

⁴ [Montgomery County Code Sec. 24-8B](#).

⁵ Montgomery County Code, ["Sec. 2-81B, Economic Impact Statements."](#)

- Prohibit DHHS from issuing a bodywork establishment license if a corporate officer or business manager is pending adjudication for or has certain prior adjudications or dispositions under specified trafficking, prostitution, sexual offense, and state massage therapy licensure provisions.

Information Sources/Methodology: This analysis primarily draws on the following sources of information:

- Maryland State statutes on the criminal offenses and massage therapy licensing provisions covered under the bill.⁶
- County sources on human trafficking and enforcement related to local bodywork establishments.
- A 2018 report by Polaris, a U.S.-based nonprofit combatting sex and labor trafficking, that examines trafficking in bodywork establishments. The report draws on published sources; in-depth interviews with trafficking survivors, law enforcement personnel, service providers; and analysis of cases reported to the National Human Trafficking Hotline.⁷

OLO did not identify published economic impact evaluations directly applicable to the Bill’s key provisions identified above. Accordingly, this analysis focuses on identifying the various stakeholders that could be affected by the Bill and describes potential economic effects, drawing on sources previously identified.

Variables

The economic effects of Bill 34-26 would primarily depend on the following variables:

- Number of establishments with disqualified owners or managers; and
- Number of workers at affected establishments, including trafficked workers

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 34-26 would have mixed impacts on certain private organizations in the County.

The Bill would primarily affect bodywork establishments in the County, including **disqualified establishments** with a corporate officer or business manager subject to the Bill’s licensing prohibition and **compliant establishments** without a disqualifying corporate officer or business manager.

⁶ Maryland Code, Criminal Law Article, [Title 3, Subtitle 3, “Sexual Crimes”](#); [Title 3, Subtitle 11, “Human Trafficking”](#); [Title 3, Subtitle 12, “Labor Trafficking”](#); and [Title 11, Subtitle 3, “Prostitution and Related Crimes”](#); Maryland Code, Health Occupations Article, [§ 6-401\(e\)](#) and [§ 6-501\(b\)](#) (accessed September 13, 2026).

⁷ Polaris. [Human Trafficking in Illicit Massage Businesses](#). 2018.

Disqualified Establishments

The potential number of bodywork establishments the Bill would affect is uncertain. The County has not publicly identified how many current or prospective license applicants have a corporate officer or business manager who would meet the Bill's disqualification criteria. However, the County Executive's February 2026 press release suggests the number of establishments that could be affected may be relatively significant.

The release reported the County had **46 licensed bodywork establishments** and since June 2024, **25 spas had received civil citations** and **13 spa owners had been charged with felony offenses related to illegal massage operations**.⁸ Although these enforcement figures do not indicate how many establishments/owners would likely be disqualified under the Bill, they do suggest the policy change could affect more than an isolated number of establishments.

For a **prospective disqualified establishment**, the Bill could prevent the establishment from obtaining a bodywork license. Thus, the establishment would be unable to lawfully open and operate unless the business changes its ownership or management structure to remove the disqualifying corporate officer or business manager.

For a **currently licensed disqualified establishment**, the Bill could affect the establishment's ability to renew or retain its license. A license denial could require the establishment to cease licensed operations or restructure its ownership or management.

License denial could entail costs associated with restructuring ownership or management, foregone operating revenue, business interruption, and possible closure or wind-down.

Compliant Establishments

The Bill may benefit compliant establishments by diverting some demand from disqualified establishments to compliant competitors and by increasing consumer confidence in the licensed bodywork market.

The magnitude of either benefit is uncertain and would depend on consumer awareness, prices, service availability, establishment capacity, and whether affected customers seek lawful bodywork services.

Other Businesses

Commercial landlords could experience temporary rent loss, vacancy, re-leasing costs, or tenant-default risk if a disqualified establishment cannot open, renew, or retain a license, while investors may face lost or delayed returns, reduced value of their investment, and costs associated with replacing a disqualified officer or manager or restructuring the business.

⁸ Montgomery County, Maryland, "[Montgomery County Executive Marc Elrich and the Human Trafficking Prevention Committee Launch 'Look Before You Book' Campaign](#)," press release, February 6, 2026.

Conversely, attorneys, accountants, and other professional service providers may receive additional work related to ownership/corporate restructuring and disclosure as well as license applications.

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

Residents

OLO anticipates that Bill 34-26 would have mixed impacts on certain residents in the County.

The Bill may reduce the risk that County residents are subjected to forced or exploited labor in bodywork establishments. To the extent that the licensing restrictions prevent businesses connected to trafficking or illegal sex work from opening or continuing to operate, the Bill could help affected individuals avoid the economic harms of exploitation, including debt bondage, low or withheld wages, unpaid work, coerced labor, and excessively long or unpredictable work hours. These risks may be particularly relevant for immigrant workers, who Polaris reports comprise many workers in illicit massage businesses.⁹

Additionally, if compliant bodywork establishments experience increased demand as customers shift away from disqualified establishments or gain greater confidence in licensed providers, those businesses may increase worker hours, hiring, and compensation. However, workers at establishments that are denied, suspended, or unable to renew a license could experience reduced hours, lost wages, or job loss, including workers who are not themselves subject to the Bill's disqualification provisions.

Beyond these potential impacts, OLO does not expect the Bill to affect other residents in terms of the Council's priority economic indicators.

Overall Impact

OLO anticipates that Bill 34-26 would have an indeterminate impact on overall economic conditions in the County. As discussed above, the Bill could produce both positive and negative economic effects for affected businesses and residents. Because the effects would likely vary across local stakeholders and the apparent lack of studies directly evaluating comparable ownership- or management-disclosure and licensing-disqualification requirements, OLO is unable to determine the aggregate economic impact of the Bill as measured by the Council's priority Indicators.

Discussion Items

Not applicable

⁹ Polaris, Human Trafficking in Illicit Massage Businesses.

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.