Economic Contribution, Taxes Paid, and Occupations of Unauthorized Immigrants in New York State

March 2, 2017

The Number of Unauthorized Immigrants in New York, by Region

New York State is home to 4.5 million immigrants. Among them, some 817,000 are unauthorized, or undocumented. That includes 575,000 in New York City, 107,000 on Long Island, 111,000 in the Hudson Valley, and 25,000 across Northern and Western New York.[1]

Unauthorized Immigrants by NYS Region

	New York City	Long Island	Hudson Valley	Northern and Western New York	New York State
Unauthorized Imigrants	575,000	107,000	111,000	25,000	817,000

Fiscal Policy Institute analysis of data from the Center for Migration Studies. The CMS dataset is based on the augmented 2014 American Community Survey data files hosted by IPUMS (Integrated Public Use Microdata Series).

$40 Billion in Contribution to New York State GDP

Unauthorized immigrants are a more substantial contributor to the state's economic output, or GDP, than is frequently recognized. The work done by unauthorized immigrants adds $40 billion, or three percent, to New York's GDP, with unauthorized immigrants making up five percent of the state's labor force.[2]

How much would a three percent drop in New York State GDP be? By way of comparison, the drop from peak to trough in the Great Recession, nationally, was 4.2 percent. So, absorbing a shock of this magnitude would be at a minimum nearly like going through the Great Recession again.

If unauthorized immigrants contribute $40 billion to the New York State economy, that also means at least $40 billion is at stake as a potential loss if a program of mass deportation were to be implemented. A loss of that magnitude assumes that mass deportation can be effectively implemented without negative consequences to the economy beyond job loss. In fact, it is likely that constant raids, house-to-house searches, and checking on identification would have a

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[1] Hudson Valley includes the following counties: Albany, Columbia, Dutchess, Greene, Orange, Putnam, Rensselaer, Rockland, Saratoga, Schenectady, Sullivan, Ulster, Warren, Washington, and Westchester. Northern and Western New York is all of upstate New York that is west or north of the Hudson Valley.
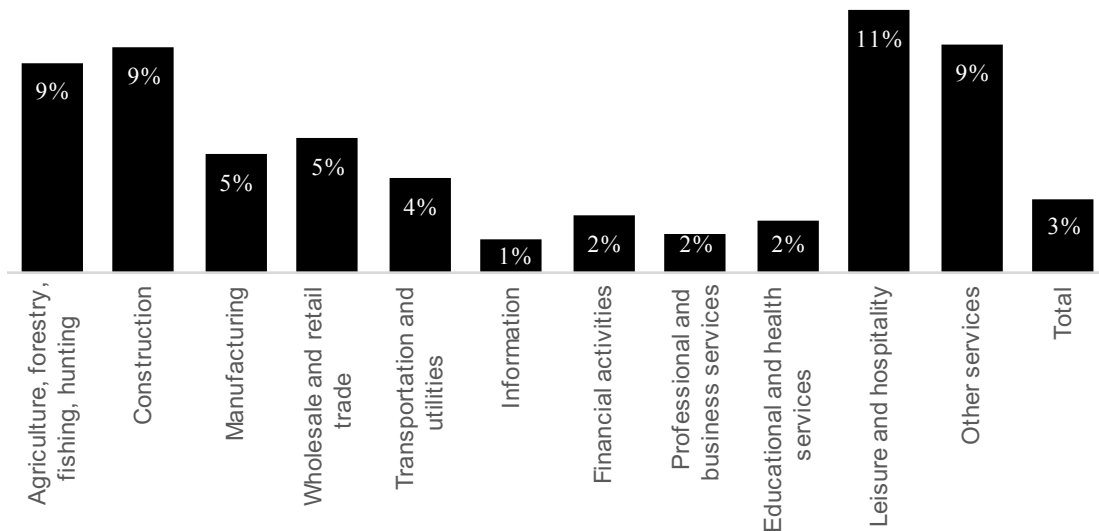
[2] Share of labor force is from an FPI analysis of Center for Migration Studies data. Share of GDP is detailed in chart below. GDP analysis does not incorporate commuters.

tremendously disruptive effect on businesses; that disruption would go far beyond the simple loss of workers, so the estimate here could be considered a minimum loss to New York State GDP under a mass deportation scenario.

Immigrants are playing a particularly important role in certain industries. They account for 11 percent of output in the leisure and hospitality industry, the sector that includes restaurants and hotels. Unauthorized immigrants are also playing a big role in construction, agriculture, and "other services," the sector that includes nail salons, car washes, and dry cleaning, and more. Unauthorized immigrants are responsible for nine percent of output in each of those sectors.

Share of Economic Output Attributable to Unauthorized Immigrants, by Industry
Total Unauthorized Immigrant Contribution to GDP: $40 Billion

Source: FPI analysis of Ryan Edwards and Francesc Ortega, "The Economic Impacts of Removing Unauthorized Immigrant Workers: An Industry and State-Level Analysis," (Washington: Center for American Progress, 2016), available at www.americanprogress.org. Note that numbers are rounded in the chart but bars are based on detailed calculations, so the same number can be represented by a slightly different bar height.

The Largest Share of Unauthorized Workers in All Regions Are in Service Occupations

There is no doubt that unauthorized immigrants are highly concentrated in low-wage occupations, with just a few, such as graduate students who have overstayed a visa, who may be working in higher-wage jobs. But they are in a wide range of low-wage occupations, and not always the ones commonly expected. In each of New York State's four regions, for example, the largest share of unauthorized immigrants is in service occupations. In most cases, this is more

than in construction, and in all cases it is more than in farming. (Construction is not broken out as an identifiable occupational category in these data, but construction workers are included in both precision production, where construction trades will be found, and operators/fabricators/laborers, which includes construction laborers. In most New York State regions, the total sum of unauthorized shares of both these occupations is still lower than the share of service workers.)

The Jobs Undocumented Immigrants Do
Occupations by region

	New York City	Long Island	Hudson Valley	Northern and Western New York	New York State
Managerial & professional specialty	12%	6%	9%	20%	11%
Technical, sales & administrative support	16%	19%	16%	21%	16%
Services	40%	35%	30%	26%	38%
Farming, forestry & fishing	1%	4%	10%	13%	3%
Precision production, craft & repair (includes skilled construction trades)	10%	10%	13%	6%	10%
Operators, fabricators & laborers (includes construction laborers)	19%	25%	19%	12%	20%
Total	100%	100%	100%	100%	100%

Fiscal Policy Institute analysis of data from the Center for Migration Studies.
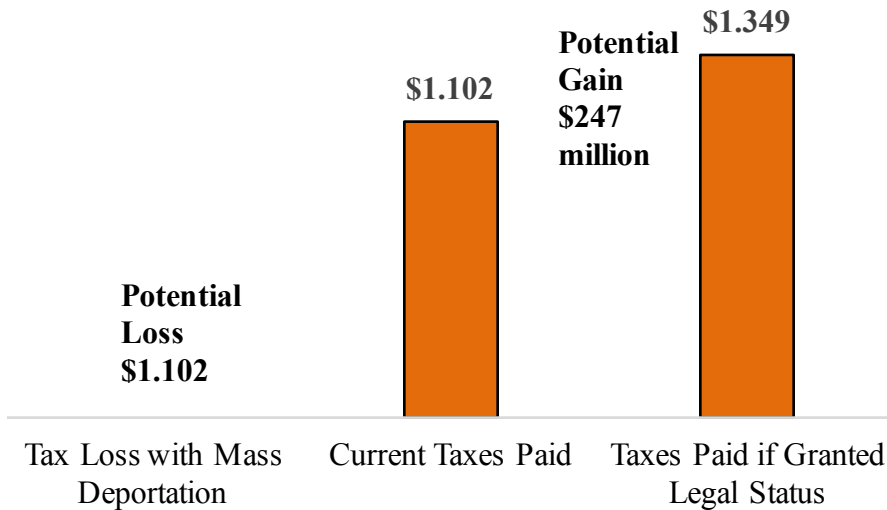The CMS dataset is based on the augmented 2014 American Community Survey data files hosted by IPUMS (Integrated Public Use Microdata Series).

Unauthorized Immigrants Pay $1.1 Billion in New York State and Local Taxes

There is a widespread misconception that unauthorized immigrants do not pay taxes. Yet, a careful national study prepared by the Institute on Taxation and Economic Policy—and co-released in New York by the Fiscal Policy Institute with this report—finds that unauthorized immigrants currently pay $1.1 billion in state and local taxes in New York.[3]

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[3] The national report from the Institute on Taxation and Economic Policy Institute, "Undocumented Immigrants' State and Local Tax Contributions," is available at www.itep.org/immigration/. The tax analysis for New York is based on an estimate by the Migration Policy Institute of 850,000 undocumented immigrants, slightly more than the estimate of the Center for Migration Studies cited above.

That means a program of mass deportation puts at risk $1.1 billion in New York State and local tax revenues. Again, as noted above, this can be seen as a minimum possible impact, since the means necessary to achieve mass deportation would have substantial further impacts on the economy.

$1.102

$1.349

Potential Gain $247 million

Potential Loss $1.102

| Tax Loss with Mass Deportation | Current Taxes Paid | Taxes Paid if Granted Legal Status |

It has long been clear that unauthorized immigrants do pay sales tax, like everyone else. They pay property taxes when their families own homes, as is more common than might be recognized, and they contribute to property taxes by paying rent that helps cover the landlord's tax payments. About half file income tax returns, using Individual Taxpayer Identification Numbers (ITINs) rather than Social Security numbers, and about the same share have payroll taxes withheld, even though they are highly unlikely ever to see any benefits associated with those payments. In New York, unauthorized immigrants currently pay $565 million in sales taxes (and related excise taxes), $183 million in personal income tax, and $355 million in property tax, for a total of $1.1 billion in total state and local taxes paid.

Are unauthorized immigrants paying their fair share of taxes? Their effective tax rate—that is to say, the share of income that they pay in state and local taxes—is 8.9 percent. By comparison, the top one percent of taxpayers pay 8.1 percent of income in state and local taxes.

	Sales and Excise Tax Total	Personal Income Tax Total	Property Tax Total	Total State and Local Taxes	Undocumented Immigrant Effective Tax	Top 1% Effective Tax Rate (All
Current	$564,962,000	$182,675,000	$354,686,000	**$1,102,323,000**	8.9%	8.1%
Full Legal Status	$621,458,000	$337,864,000	$390,154,000	**$1,349,476,000**	9.9%	

Conclusion

Unauthorized immigrants are making a much larger contribution to the New York State economy and to taxes than is generally recognized. The 817,000 unauthorized immigrants are responsible for $40 billion in economic output, playing an important role in particular in the leisure and hospitality sector, and in construction, agriculture, and "other services," (the sector that includes nail salons, car washes, and dry cleaning, and more). And they are responsible for $1.1 billion in state and local tax contributions.

A program of mass deportation would not only be a humanitarian disaster, it would also put these substantial economic and tax contributions at risk. Indeed, the risk would be much greater. There are 817,000 unauthorized immigrants in New York—more than the total populations of Buffalo, Rochester, Syracuse, and Yonkers combined. It is staggering to imagine the scale of panic and resistance that would be involved in removing more than three quarters of a million people from our state.

These estimates, it is worth noting, are just for the loss of workers. Deportations on the scale necessary to bring it about would also entail enormous disruption to businesses, communities, and families around the state. They would have a negative impact on tourism, colleges and universities, and the desirability of the United States and New York as a business location. None of these impacts are included in the above calculations.

The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared. FPI's Immigration Research Initiative looks at immigration issues in New York State, and around the country.