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The Institute on Taxation and Economic Policy and the Fiscal Policy Institute

Contacts:

Fiscal Policy Institute: David Dyssegaard Kallick, 212.721.7164, ddkallick@fiscalspolicy.org

ITEP: Jenice R. Robinson, 202.299.1066 x 29, Jenice@itep.org

New Analysis:

New York's Unauthorized Immigrants Pay

More Than \$1 Billion in State and Local Taxes

Executive Actions to Boost New York Tax Revenues by \$86 Million

April 16, 2015. A new 50-state study, [*Undocumented Immigrants' State and Local Tax Contributions*](#), by the [Institute on Taxation and Economic Policy](#) finds that undocumented immigrants' tax contributions would increase significantly under the Obama Administration's executive actions and even more substantially under comprehensive immigration policy reform. The report is being co-released in New York by the Fiscal Policy Institute and is particularly relevant in connection with the hearing tomorrow, Friday April 17, on executive action at the 5th Circuit Court of Appeals.

The report's key findings about New York:

- Undocumented immigrants in New York State contribute significantly to state and local taxes, collectively paying an estimated \$1.1 billion in 2012.
- The amount of state and local taxes collected from unauthorized immigrants is estimated to increase by \$86 million once federal executive actions are fully in place.
- Nationwide, undocumented immigrants annually contribute about \$11.8 billion in state and local taxes. This is estimated to increase by about \$845 million under federal executive actions of 2012 and 2014/15.
- Executive actions are Department of Homeland Security directives granting deferred action to certain categories of unauthorized immigrants. The tax analysis includes the 2012 DACA program (Deferred Action for Childhood Arrivals). It also includes the 2014/2015 expansion of DACA and the addition of DAPA (Deferred Action for Parents of Americans and Lawful Residents) that is currently in federal court. This analysis assumes that everyone eligible for executive action applies for and is granted deferred action; if fewer people do, the tax gains will be correspondingly smaller.

ITEP's analysis also looks at the effect of a comprehensive immigration reform. The additional revenues from currently undocumented immigrants if all were to gain legal permanent resident status is \$251 million in New York state and local taxes.

"The fact is, undocumented immigrants already are paying billions in taxes to state and local governments, and if they are allowed to work in the country legally, their state and local tax contributions will increase significantly," said Matthew Gardner, executive director of ITEP.

"It's clear why executive actions bring in higher tax revenues," added David Dyssegaard Kallick, director of the Fiscal Policy Institute's Immigration Research Initiative. "First, they provide a very strong incentive for participants to comply fully with tax filing requirements. And, second, immigrants with legal permission to work earn more than those without it, so they are paying tax on a higher income."

"Every year we collect a significant amount in taxes from undocumented immigrants," said Ron Deutsch, executive director of the Fiscal Policy Institute. "Albany politicians should keep these significant tax revenues in mind when the NYS DREAM Act comes up for debate again soon. Helping undocumented students pay for college, as that bill would do, would only increase student's earning capacity, and further boost the state and local taxes they would pay."

The new report from ITEP includes detailed information, for all 50 states and District of Columbia, on sales and excise taxes, personal income taxes and property taxes and calculates what undocumented immigrants are currently contributing compared with what they would pay if granted legal residency.

Like other people living and working in New York, undocumented immigrants already pay taxes. Besides paying sales and excise taxes when they purchase goods and services (for example, on utilities, clothing and gasoline) they pay property taxes directly on their homes or indirectly as renters. Many undocumented immigrants also pay state income taxes. Undocumented immigrants currently pay 8.8 percent of their income in state and local taxes. Once the executive actions are fully implemented, they can be expected to pay 9.8 percent of income, through a combination of higher levels of tax compliance and higher earnings.

To view the full report or to find state-specific data, go to www.itep.org/immigration/.

The Institute on Taxation and Economic Policy (www.itep.org) is a non-profit, non-partisan research organization that works on federal, state, and local tax policy issues. ITEP's mission is to ensure that elected officials, the media, and the general public have access to accurate, timely, and straightforward information that allows them to understand the effects of current and proposed tax policies. ITEP's work focuses particularly on issues of tax fairness and sustainability.

The Fiscal Policy Institute (www.fiscalpolicy.org) is a nonpartisan research and education organization that focuses on tax, budget, and economic public policy issues, particularly issues that affect the quality of life and the economic well being of New York State residents.