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Updated 50-State Analysis: Undocumented Immigrants Pay \$11.6 Billion in State and Local Taxes; Contributions Would Substantially Increase Under Reform

Undocumented immigrants contribute more than \$11.6 billion to state and local coffers each year and pay an average 8 percent of their incomes in state and local taxes according to a [newly updated 50-state study](#) by the Institute on Taxation and Economic Policy (ITEP). ITEP's analysis also finds that the combined state and local tax contributions of the nation's 11 million undocumented immigrants' would increase by more than \$800 million under full implementation of the administration's 2012 and 2014 executive actions and by more than \$2.1 billion under comprehensive immigration reform.

"Regardless of the politically contentious nature of immigration reform, the data show undocumented immigrants greatly contribute to our nation's economy, not just in labor but also with tax dollars," said Meg Wiehe, ITEP State Tax Policy Director. "With immigration policy playing a key role in state and national debates and President Obama's 2014 executive action facing review by the Supreme Court, accurate information about the tax contributions of undocumented immigrants is needed now more than ever."

The report, [Undocumented Immigrants' State and Local Tax Contributions](#), provides state-by-state and national estimates on undocumented immigrants,' current state and local tax contributions, including a breakdown of sales and excise, personal income, and property taxes. The report further provides estimates for each state showing how much larger these tax contributions would be if all undocumented immigrants were granted legal status under a comprehensive immigration reform and if President Obama's 2012 and 2014 executive actions were upheld.

The report's key findings:

- Undocumented immigrants contribute significantly to state and local governments, collectively paying an estimated **\$11.6 billion** in state and local taxes.
- Undocumented immigrants' nationwide average effective state and local tax rate (the share of income they pay in state and local taxes) is an estimated **8 percent**. (The top 1 percent of taxpayers nationwide pay an average effective tax rate of just 5.4 percent.)
- Granting legal status to all 11 million undocumented immigrants as part of a comprehensive immigration reform and allowing them to work in the United States legally would increase their state and local tax contributions by an estimated **\$2.1 billion** a year. Their effective tax rate would increase from 8 to **8.6 percent**.
- The state and local tax contributions of the 5 million undocumented immigrants who could be directly impacted by President Obama's 2012 and 2014 executive actions would increase by an estimated **\$805 million** if the actions are upheld. State and local revenue gains from the executive actions are smaller than gains from granting legal

status to all undocumented immigrants because the actions (if upheld) would only affect about 46 percent of the undocumented population and the actions do not grant a full pathway to lawful permanent residence.

While this report focuses on the consequences of immigration reform on state and local-level taxes, its findings mirror those at the federal level. Full immigration reform at the federal level would decrease the deficit and generate more than \$450 billion in additional federal revenue over the next decade, according to a 2010 report from the non-partisan Congressional Budget Office. And the president's executive actions are estimated to have positive effects on labor market growth and productivity, as well as wages and economic growth according to both the Council of Economic Advisers and the Center for American Progress.

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