

April 18, 2011

UNAUTHORIZED IMMIGRANTS PAY TAXES, TOO
Estimates of the State and Local Taxes Paid by Unauthorized Immigrant Households

Tax Day is an appropriate time to underscore the often-overlooked fact that unauthorized immigrants pay taxes. The unauthorized, like everyone else in the United States, pay sales taxes. They also pay property taxes—even if they rent. At least half of unauthorized immigrants pay income taxes.¹ Add this all up and it amounts to billions in revenue to state and local governments. The Institute for Taxation and Economic Policy (ITEP) has estimated the state and local taxes paid in 2010 by households that are headed by unauthorized immigrants. These households may include members who are U.S. citizens or legal immigrants. Collectively, these households paid \$11.2 billion in state and local taxes. That included \$1.2 billion in personal income taxes, \$1.6 billion in property taxes, and \$8.4 billion in sales taxes. The states receiving the most tax revenue from households headed by unauthorized immigrants were California (\$2.7 billion), Texas (\$1.6 billion), Florida (\$806.8 million), New York (\$662.4 million), and Illinois (\$499.2 million) {See Figure 1 and Table 1}.² These figures should be kept in mind as politicians and commentators continue with the seemingly endless debate over what to do with unauthorized immigrants already living in the United States. In spite of the fact that they lack legal status, these immigrants—and their family members—are adding value to the U.S. economy; not only as taxpayers, but as workers, consumers, and entrepreneurs as well.³

Figure 1: Ten States Receiving the Most Tax Revenue From Households Headed by Unauthorized Immigrants, 2010

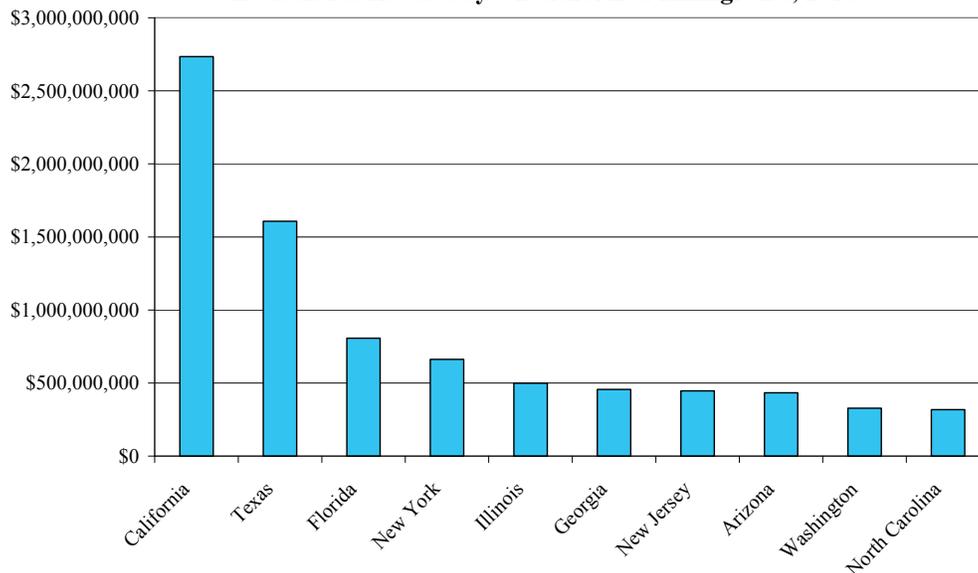


Table 1: State and Local Taxes Paid by Families Headed by Unauthorized Immigrants, 2010

	Personal Income Taxes	Property Taxes	Sales Taxes	Total
California	\$176,923,611	\$735,831,471	\$1,821,234,665	\$2,733,989,747
Texas*	—	\$177,814,936	\$1,429,479,799	\$1,607,294,735
Florida*	—	\$69,473,462	\$737,281,790	\$806,755,252
New York	\$104,370,467	\$94,947,389	\$463,121,769	\$662,439,624
Illinois	\$85,423,702	\$45,800,280	\$367,974,917	\$499,198,900
Georgia	\$85,712,827	\$36,371,792	\$334,236,837	\$456,321,456
New Jersey	\$39,951,088	\$81,306,013	\$324,869,718	\$446,126,820
Arizona	\$38,870,277	\$45,672,884	\$348,696,325	\$433,239,486
Washington*	—	\$22,673,438	\$305,033,757	\$327,707,195
North Carolina	\$82,303,533	\$25,965,000	\$209,460,719	\$317,729,252
Maryland	\$75,979,518	\$22,113,794	\$177,079,570	\$275,172,882
Colorado	\$30,917,182	\$21,955,686	\$114,638,239	\$167,511,108
Virginia	\$47,102,793	\$13,320,583	\$104,841,650	\$165,265,025
Tennessee	\$52,013	\$8,652,148	\$148,703,051	\$157,407,212
Michigan	\$28,064,903	\$12,539,394	\$101,057,989	\$141,662,286
Massachusetts	\$37,893,216	\$18,624,445	\$81,376,128	\$137,893,788
Pennsylvania	\$34,851,733	\$7,015,554	\$93,100,078	\$134,967,366
Nevada*	—	\$16,096,479	\$117,388,200	\$133,484,679
Alabama	\$25,769,851	\$5,825,919	\$98,702,564	\$130,298,333
Indiana	\$28,702,386	\$8,322,258	\$84,593,911	\$121,618,554
Connecticut	\$14,283,239	\$31,163,688	\$75,047,305	\$120,494,232
Utah	\$22,281,287	\$5,487,168	\$77,633,460	\$105,401,915
Ohio	\$25,097,619	\$7,453,069	\$71,307,558	\$103,858,245
New Mexico	\$8,663,164	\$8,676,953	\$84,205,132	\$101,545,250
Oregon	\$54,420,777	\$19,806,091	\$24,852,810	\$99,079,678
Wisconsin	\$21,769,578	\$6,113,527	\$66,572,091	\$94,455,196
Kentucky	\$29,494,366	\$5,714,852	\$49,845,416	\$85,054,634
Minnesota	\$15,639,678	\$7,607,272	\$58,428,250	\$81,675,200
Oklahoma	\$13,278,482	\$8,395,349	\$59,411,110	\$81,084,941
Louisiana	\$9,493,738	\$5,653,673	\$65,516,758	\$80,664,168
Iowa	\$16,437,529	\$3,565,046	\$53,613,374	\$73,615,949
Arkansas	\$10,979,777	\$2,956,731	\$59,406,327	\$73,342,835
Kansas	\$10,302,380	\$3,868,286	\$43,082,114	\$57,252,780
Mississippi	\$8,078,453	\$2,585,770	\$41,740,853	\$52,405,076
Hawaii	\$10,661,602	\$3,475,345	\$36,491,164	\$50,628,111
Missouri	\$11,169,268	\$3,394,769	\$35,590,403	\$50,154,440
South Carolina	\$9,026,924	\$3,513,257	\$31,126,459	\$43,666,639
Nebraska	\$6,751,560	\$4,407,775	\$32,148,696	\$43,308,032
Idaho	\$4,743,004	\$3,496,345	\$24,668,905	\$32,908,254
Rhode Island	\$4,108,101	\$2,886,407	\$21,158,871	\$28,153,379
District of Columbia	\$5,660,692	\$2,229,204	\$18,526,341	\$26,416,237

Delaware	\$4,536,933	\$2,155,970	\$6,591,389	\$13,284,292
New Hampshire	\$114,119	\$1,495,940	\$3,536,502	\$5,146,561
Alaska [†]	—	—	—	—
Maine [†]	—	—	—	—
Montana [†]	—	—	—	—
North Dakota [†]	—	—	—	—
South Dakota [†]	—	—	—	—
Vermont [†]	—	—	—	—
West Virginia [†]	—	—	—	—
Wyoming [†]	—	—	—	—
All States	\$1,214,111,519	\$1,610,599,492	\$8,404,670,400	\$11,229,381,410
*These states do not have a state income tax.				
†The unauthorized population of these states is too small to allow an estimation of tax payments.				

Methodology

These estimates are based on a model developed by the [Institute for Taxation and Economic Policy](#) (ITEP). The ITEP methodology relies on three pieces of data: 1) an estimate of each state’s unauthorized population; 2) the average family income for unauthorized immigrants; and 3) state-specific tax payments. Of course, it is difficult to know precisely how much these families pay in taxes, because the spending and income behavior of these families is not as well documented as is the case for U.S. citizens. But these estimates represent a sensible best approximation of the taxes these families likely pay.

Estimates of each state’s unauthorized population are from the [Pew Hispanic Center](#) and based on 2010 Census data. There were an estimated 11.2 million unauthorized immigrants in the U.S. as of 2010. Pew has also estimated the unauthorized population for each state.⁴ Pew has found that unauthorized immigrants are likely to be less educated than native-born U.S. citizens and legal immigrants, and they tend to work in low-wage jobs. Thus the average family income of the unauthorized population is lower than the average family income for U.S. citizens or legal immigrants. The average income of a household headed by an unauthorized immigrant is estimated to be \$36,000; 10 percent of which goes towards remittances to family members in countries of origin.

ITEP maintains detailed tax information for each state, and models how tax structures affect different income groups in each state. ITEP has estimated the amount of sales, income, and property tax the average unauthorized family pays.

- Sales tax is automatic, so it is assumed that unauthorized residents would pay sales tax at similar rates to U.S. citizens and legal immigrants with similar income levels.
- Similar to sales tax, property taxes are hard to avoid, and unauthorized immigrants are assumed to pay the same property taxes as others with the same income level. ITEP assumes that most unauthorized immigrants are renters, and only calculates the taxes paid by renters.
- Income tax contributions by the unauthorized population are less comparable to other populations because many unauthorized immigrants work “off the books” and income taxes are not automatically withheld from their paychecks. ITEP conservatively estimates that 50 percent of unauthorized immigrants are paying income taxes.

Endnotes

¹ See The White House, [Economic Report of the President](#), February 2005, pp. 106-107.

² Estimates prepared for the IPC by the [Institute for Taxation and Economic Policy](#) (ITEP), March 2011.

³ Immigration Policy Center, [Value Added: Immigrants Create Jobs and Businesses, Boost Wages of Native-Born Workers](#) (Washington, DC: American Immigration Council, March 10, 2011).

⁴ Jeffrey S. Passel and D’Vera Cohn, [Unauthorized Immigrant Population: National and State Trends, 2010](#) (Washington, DC: Pew Hispanic Center, February 1, 2011).