

## Costly In Every Way:

### Harsh Anti-Immigrant Laws Cost Workers, Businesses, Taxpayers and Tax Collections

Nearly everyone in our country agrees that our immigration system is broken. A 2010 poll by [Lake Research Partners](#) shows that across party lines, 68 percent of voters support comprehensive immigration reform. Additionally, 76 percent of us agree with the statement that “deporting all 11 million undocumented immigrants currently in the United States is unrealistic.”

Unfortunately, anti-immigrant rhetoric and anti-immigrant state measures, which began to wane in 2009 and 2010, are back in force on states’ agendas, in the wake of Arizona’s SB 1070. Just as predictable, states that have enacted harsh anti-immigrant measures are facing enormous implementation costs, the specter of years of litigation, and the potential destruction of their economies through lost tourism and business dollars and taxes.

Many states are beginning to understand these costs, and are staying out of the fray. In 2011, at least [16 states](#) rejected anti-immigrant bills modeled after Arizona’s SB 1070. Only five states approved such measures, with state legislatures largely now adjourned.

All states should follow the lead of these 16 states. States taking an enforcement-only strategy to address our broken immigration system throw state economies into disarray, costing precious tax dollars to enforce and litigate. Such a misplaced approach does nothing to bring the roughly [8 million undocumented immigrants](#) working in our country out of the shadows and out of exploitative employment. Instead, states should adopt proposals that would protect all workers against the actions of unscrupulous employers, and voice support for comprehensive immigration reform at the federal level.

#### Arizona SB 1070

In 2010, Governor Jan Brewer signed into law SB 1070, "[Support Our Law Enforcement and Safe Neighborhoods Act](#)", which requires state and local law enforcement agencies to check the immigration status of individuals they encounter and makes it a state crime for individuals to be without proper immigration documentation. The measure also bars state and local officials or agencies from restricting enforcement of federal immigration laws, criminalizes a day laborer’s search for work in public places, and cracks down on those sheltering, hiring and transporting undocumented immigrants. The law has been the subject of nationwide and international condemnation and has launched the state into fierce legal battles.

## The context: State Budget Crisis and Immigrant Workers

As of February 2011, 44 states faced shortfalls in their budgets for the new fiscal year, totaling [\\$112 billion](#). [Twenty-six states](#) already project shortfalls totaling [\\$75 billion](#) for FY 2013 – a number likely to grow once all states prepare estimates. While states struggle to address these extraordinary shortfalls, the potential costs of implementing SB 1070 copy-cats at the statewide level would add a huge financial burden to taxpayers and the states' budgets.

At the same time, studies in [16 states](#) clearly indicate that undocumented workers are making contributions to the US economy and society. In a study for Americans for Immigration Reform, the Perryman Group estimated, by state, the [cost to economies](#) if unauthorized immigrants were removed from the workforce. Their study found an average loss of 3 percent of all jobs across the country, with totals at 5 percent or more in Texas, Nevada, California and Arizona. Initial job losses would total above 8 million, with losses to total gross product at \$651 billion nationwide.

## Anti-immigrant Laws Are Costly to Implement

In Arizona, the estimated costs of implementing SB 1070 were initially estimated at [\\$10 million](#). This estimate appears extremely low, since a [fact sheet](#) produced by Yuma County Sheriff on similar legislation proposed in 2006 found that in that county alone, law-enforcement agencies would spend between \$775,880 and \$1,163,820 in processing expenses; jail costs would be between \$21,195,600 and \$96,086,720. Across the country, copycat bills are facing the same dynamic:

- In [Indiana](#), SB 590 is expected to cost about \$5 million a year to train police and to implement.
- In [Iowa](#), both anti-immigrant proposals, HF 27 and SF 102, died after they failed to advance out of their respective committees because of concerns for the high costs of implementation.
- Kentucky's SB 1070 copy-cat bill, SB 6, died in the House Local Government Committee after [legislative staff reported it would cost Kentucky a net \\$40 million a year](#) in court, prison and foster-care costs.
- In [Tennessee](#), HB 1380 and 1379, both SB 1070 copy-cats, were deferred amid concerns that expenditures would include an annual \$9 million in additional costs and over \$950,000 in unfunded mandates for local governments associated with interrogating and detaining immigrants.
- In Virginia, over ten anti-immigrant proposals were effectively defeated after a special senate subcommittee considered and rejected the bills. One [county supervisor](#) estimated the cost of implementation to be in the millions for just this county alone.

## Anti-Immigrant Laws are Costly to Litigate

Virtually every state that has enacted anti-immigrant legislation has faced a legal challenge to these laws. These have resulted in massive legal fees, with taxpayers picking up the bill. Of the five anti-immigrant measures that passed in 2011 (In Utah, Indiana, Georgia, South Carolina and Alabama), three have already been enjoined in part or in full.

As of February 2011, Arizona has spent [\\$1.9 million](#) in litigation costs to defend – thus far, unsuccessfully -- SB 1070 against [seven lawsuits](#) filed by civil rights organizations and [police officers](#) to stop implementation of the

law, including a suit by the Department of Justice. This comes at a time when the state faces \$1.1 billion in budget cuts for the FY 2012 – of which \$1 billion is being cut from education and health care services. A federal judge enjoined parts of the law before it took effect, a [decision](#) upheld by the Ninth Circuit Court of Appeals. Similarly, part or all of the Indiana, Georgia, and Utah laws enacted in 2011 have been enjoined. Alabama and South Carolina will likely be next.

- In Colorado, [an anti-immigrant bill was withdrawn by its sponsor](#), who cited the costs of litigating the matter against a Constitutional challenge, at a time when the state has no money to spare.
- In Idaho, lawmakers defeated SB 1303, citing concerns for the ongoing legal challenges to SB 1070.
- In [Hazleton, Pennsylvania](#), a report by the Center for American Progress indicates that the city has spent at least \$2.8 million (with some estimates totaling \$5 million) as it defends its ordinance all the way to the U.S. Supreme Court.
- The city of Farmers Branch, Texas, has spent [\\$4 million](#) in legal fees since September 2008, unsuccessfully defending its law purporting to prohibit landlords from renting to unauthorized immigrants. In 2010, a Texas [federal judge](#) permanently barred enforcement of the city's anti-immigrant ordinance.
- The Fremont city council in Nebraska budgeted \$750,000 and an 18 percent tax increase to cover the first year of defending its local anti-immigration ordinance according to the [Fremont Tribune](#).
- The city of Escondido, California spent almost \$300,000 in legal fees and settlement costs before withdrawing its anti-immigrant ordinance. In an [official statement](#), the city council said that defending the ordinance would have cost the city upwards of \$1 million, in addition to potential plaintiff's fee awards.

### **Anti-immigrant Laws Are Costly to State Economies**

SB 1070 has made Arizona a pariah for business and tourism, so much so that Governor Brewer has transferred \$250,000 to the [Arizona Office of Tourism](#) for a marketing campaign to improve the state's negative image associated with the controversial law. A study by the [Center for American Progress](#) examining the economic effects of Arizona's SB 1070 concluded that the consequences to the tourism industry and the jobs it supports have been severe:

- \$253 million in lost economic output;
- 2,800 jobs that would have been supported by that activity;
- More than \$86 million in lost wages over two to three years, and
- \$141 million in direct spending by convention attendees.
- [Prince William County, Virginia](#), was one of the first locales to pass anti-immigrant legislation. County Supervisor Frank Principi, says, ““We had an exodus of thousands of Hispanics out of Prince William County. We have lost property tax revenues, we have lost sales tax revenues, and some income tax revenue. When the buying power leaves the community, small businesses close, foreclosures go up.”
- The [Florida Chamber of Commerce Foundation](#) warned legislators that tougher regulations could cost its state as much as \$80 million in lost revenues, saying, “it would be counterproductive to Florida's

economic stability - and future – if legislation were to pass that cast a negative perception of Florida as a desirable destination for residents, visitors and a place for business.”

### **Costly to Community Safety**

In May 2011, chiefs of police led by the [Police Executive Research Forum](#) (PERF) met with the Obama Administration to voice opposition to legislation like SB 1070 because these laws harm public safety by destroying public trust, diverting scarce resources from the pursuit of violent crime, and discouraging immigrants from reporting crimes because they fear deportation – making everyone less safe. Over half of the [police chiefs surveyed](#) believe that if police are involved in enforcing immigration laws, community reporting of crimes would be chilled.

### **Costly to Civil Liberties**

In Utah, a federal district court [judge blocked](#) enforcement of a SB 1070 copy-cat law, HB 497, that would require “papers” from all people residing in or traveling through Utah. Opponents say the “show me your papers” law invites racial profiling of Latinos and others who appear “foreign” to an officer and interferes with federal law.

- Michigan Governor Rick Snyder, who has often said that immigration to his state would attract businesses, said that [a proposed Arizona-style immigration law in Michigan would "encourage a divisive atmosphere."](#)
- [Florida's SB 136 died](#) after the legislature agreed that the bill would lead to [racial profiling](#) and to expenditures that could not be justified in light of Florida's enormous \$3.6 billion budget deficit for FY 2012.
- Kansas also defeated a broad anti-immigrant proposal, after a [coalition of business groups launched an opposition campaign](#).
- [Wyoming's anti-immigrant bill died](#) when legislators were persuaded by arguments that the law would lead to racial profiling of Latinos, was a burden to employers, and would tie the state up in litigation for years.

### **Real problem, real solution.**

**Comprehensive Immigration Reform.** While enforcement-only strategies yield a net loss to the nation and to states, a [January 2011 study](#) by Dr. Raúl Hinojosa-Ojeda, conducted for the Immigration Policy Center and the Center for American Progress, estimates that during the first three years after legalization, the higher earning power of newly legalized workers “would generate [\\$4.5 to \\$5.4 billion](#) in additional net tax revenue.” This large economic benefit would result in a cumulative **\$1.5 trillion in added U.S. gross domestic product over 10 years**. In addition, this higher personal income would also generate increased consumer spending—enough to support 750,000–900,000 jobs in the United States. In contrast, a deportation-only policy would result in a loss of [\\$2.6 trillion](#) in GDP over 10 years - which includes approximately \$1.2 trillion in consumption and \$256 billion in investment.

A report by the libertarian CATO Institute came to startlingly similar conclusions. CATO found that legalization would yield significant income gains for American workers and households. Legalization would boost the incomes of U.S. households by \$180 billion in 2019.

**Strong Labor Standards, robustly enforced.** The real problem for state treasuries and immigrant and non-immigrant workers are employers who pay workers “off the books,” fail to provide workers’ compensation or pay their fair share of payroll taxes, fail to offer workers a lawful wage and a safe place to work, and weak labor and employment enforcement regimes in many states. The solution is real labor standards, coupled with vigorous enforcement of those rules – a new kind of “employer sanction” against low-road employers who abuse all workers. NELP’s [Winning Wage Justice](#) offers some alternatives.

NOTE: Links are embedded in this document. To view on-line, go to [www.nelp.org](http://www.nelp.org)