



## NEWS RELEASE

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### **Study: Immigration Reform Would Boost Alabama Tax Revenues by \$30M**

*Forrister: Senate-Passed Bill Also Would Fuel Greater Economic Growth in State*

Alabama's state and local tax collections would increase by more than \$30 million a year under the immigration reform bill that passed in the U.S. Senate, according to [a study released today by the Institute on Taxation and Economic Policy \(ITEP\)](#), a nonprofit research organization in Washington, D.C. The bill also would decrease the federal deficit and boost undocumented immigrants' state and local tax contributions by more than \$2 billion nationwide, the ITEP study finds.

"Undocumented immigrants already pay sales and property taxes in Alabama when they buy things or pay rent," ACPP executive director Kimble Forrister said. "Their share would go up even more under immigration reform. The Senate bill would mean more revenue and stronger growth for our state's economy."

Most of the revenue increase in Alabama and other states would come through increased compliance with the state income tax, the ITEP report says. Undocumented immigrants already pay about the same share of their incomes in sales taxes and property taxes as other U.S. residents in the same income brackets. Higher wages also would play a role in the revenue increase, according to ITEP. A recent Congressional Budget Office report predicted a similar effect on federal tax revenues.

"With legalization, both wages and tax compliance will go up, resulting in substantial new revenues for states, especially from the income tax," ITEP executive director Matt Gardner said.

Alabama's undocumented immigrants contribute \$118.1 million annually to state and local revenues, ITEP estimates. That figure would increase to \$148.9 million a year under immigration reform, the report says. Undocumented immigrants' effective tax rate would increase from 7.3 percent to 8.4 percent in Alabama.

National estimates predict a similar trend. Undocumented immigrants across the nation now pay \$10.6 billion a year in state and local taxes, ITEP estimates. That number would jump to \$12.7 billion under the Senate's reform bill, increasing undocumented immigrants' effective tax rate from 6.4 percent to 7 percent nationwide.

The full ITEP report, "Undocumented Immigrants' State and Local Tax Contributions," is [available here](#).

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**Arise Citizens' Policy Project** is a nonprofit statewide coalition comprising 140 congregations and community groups that promote public policies to improve the lives of low-income Alabamians.