



Immigrants' economic effects reflect divisions

By: Jeremy Redmon - July 29, 2013

David Hancock and Lary Perez are on opposite sides of the debate about overhauling the nation's immigration laws.

Hancock, co-chairman of the Gwinnett Tea Party, opposes the Senate legislation granting a pathway to citizenship for the estimated 11 million immigrants living illegally in the U.S. He worries they would burden taxpayer-funded resources.

Perez, a Mexican immigrant living illegally in Dalton, supports the Senate bill. The father of three U.S.-born daughters, Perez said he is doing his part to help the nation's economy by working and paying state and federal taxes on his income. He wants to become a U.S. citizen so he can buy a home for his family and start his own flooring business.

Both their views are supported in a flurry of economic studies, which differ wildly in their conclusions and reveal a deep split among conservative groups about how the immigration bill would affect economy.

These studies agree that many illegal immigrants like Perez are paying taxes and contributing to the economy. But they disagree on whether legalizing all illegal immigrants would create a net financial gain or a net loss for the nation.

The omnibus immigration bill the Senate passed 68-32 last month seeks to do a lot of things, including clearing out massive backlogs in the legal immigration system and making it easier for U.S. employers to hire more high-skilled foreign workers. The legislation is now stalled in the House.

Republican House leaders have said they don't plan to take up the Senate bill and want to consider smaller bills instead, several of which are aimed at immigration enforcement. But some are crafting legislation to grant legal status to young immigrants who were illegally brought to the U.S. as children. Meanwhile, a bipartisan group of House members has been drafting a bill that would create a route to citizenship for a broader group of illegal immigrants.

Hancock, who co-owns a software development company in Suwanee, opposes that idea. He has written his congressman urging him to fight the Senate bill. Hancock said he wants Congress to focus instead on securing the border and enforcing immigration laws already on the books.

"I'm afraid that the majority of the people who break the law to come here illegally --- I think they are going to end up taking more benefits from our country than they will be giving back to it," said Hancock, who ran unsuccessfully in the GOP primary for Republican U.S. Rep. Rob Woodall's seat last year.

The Heritage Foundation, a conservative think tank based in Washington, released a report in May that supports Hancock's views. The 92-page report says the nation's illegal immigrants would receive \$9.4 trillion in government benefits if they receive a route to citizenship and

would pay \$3.1 trillion in taxes over their lifetime, leaving a \$6.3 trillion deficit. The report says it takes into account a wide range of taxpayer costs, including expenses for public schools, police, roads, Social Security and Medicare.

Several fiscally conservative organizations including Americans for Tax Reform, American Action Forum and the Cato Institute --- criticized the Heritage Foundation's report in May, saying it is flawed because it considers only the costs and not the benefits from immigration.

"It was just a score of a fantasy piece of legislation that they made up themselves, so it wasn't reflective of any real world legislation," said Alex Nowrasteh, an immigration policy analyst for Cato, a libertarian group.

Cato's own report last year estimates overhauling immigration laws would add \$1.5 trillion in U.S. gross domestic product --- a measure of economic growth --- over 10 years, and that wages would rise.

The Heritage Foundation responded to the criticism of its report saying it was focused squarely on the part of the bill that would legalize illegal immigrants.

"That is the part we have the most problems with," said Derrick Morgan, vice president of domestic and economic policy for Heritage.

"We would agree in part with our other friends that if you had a properly functioning immigration system that stressed high-skilled immigration, it would actually be really good for the economy and it would be good for the taxpayer, too," Morgan said.

The Congressional Budget Office --- a nonpartisan agency that advises Congress --- weighed in on July 3, reporting the Senate legislation would reduce the federal deficit by \$820 billion over the next 20 years, partly through boosting the nation's labor force.

At the same time, some experts worry the Senate legislation would increase the strain on state and local budgets for schools, public health, jails and prisons.

The bill includes \$50 million in grant money for nonprofit agencies to help people apply to become U.S. citizens. And it would reauthorize a federal funding program that partially offsets state and local costs for jailing criminal illegal immigrants.

The National Conference of State Legislatures --- which supports overhauling the immigration laws --- has been pushing Congress for more state aid. If the Senate bill is passed as is, "there is a very large wave of costs coming to the states without any federal help, and that creates a problem both for state and local government and for the citizens," said Sheri Steisel, director of immigration policy for the NCSL.

On July 10, the Institute on Taxation and Economic Policy released a study that says creating a pathway to citizenship for 11 million illegal immigrants could boost annual state and local tax revenues by nearly \$100 million in Georgia and more than \$2 billion nationwide. The left-leaning institute estimated illegal immigrants paid \$10.6 billion in local and state taxes in 2010.

Illegal immigrants pay taxes when they buy goods and services, including utilities, gas and food. They also pay property taxes on their homes or indirectly through rent. The institute said at least half are paying income taxes despite being in the country illegally.

Many like Perez do so because they believe it is the right thing to do. But paying taxes also helps illegal immigrants demonstrate good character and long-term residence in the U.S., which can

help stave off deportation, said Carolina Antonini, an Atlanta immigration attorney who teaches immigration law at Georgia State University.

The government asks people applying to become naturalized U.S. citizens whether they have ever failed to file local, state or federal tax returns.

Antonini is representing Perez in immigration court. The government has been seeking to deport Perez since he was arrested about two years ago and later convicted on a charge of driving without a license in Whitfield County. Perez came here in 1999, illegally crossing the border in El Paso to find work.

He said he understands the concerns many people have about illegal immigrants getting paid under the table and not paying their fair share of taxes. Perez said he has paid thousands of dollars in income taxes since he arrived in the U.S. Antonini let The Atlanta Journal-Constitution see tax records that show Perez and his wife have filed joint state and federal tax returns every year since 2004, and employers have withheld federal taxes on his income.

Perez added he is also contributing to the economy by renting a mobile home, buying goods from local stores, paying utility bills and building car door frames at a plant in Dalton.

"I pay taxes because it is our responsibility," said Perez, who dreams of starting his own carpet and hardwood floor installation company. "I wish Congress passes this reform for the immigrants because I have (been) here a long time and I wish to stay in this country."

Economic impact

Since last year, numerous groups across the political spectrum have been publishing reports predicting what would happen if Congress overhauls immigration laws and provides a pathway to citizenship for millions of immigrants living illegally in the U.S. The conclusions differ. Here are some samples:

- * The libertarian Cato Institute, winter of 2012: The nation would add \$1.5 trillion in U.S. gross domestic product --- a measure of economic growth --- over 10 years. Wages would also rise.
- * The conservative Heritage Foundation, May 6: Illegal immigrants would receive \$9.4 trillion in government benefits if they receive a route to citizenship and would pay \$3.1 trillion in taxes over their lifetime, leaving a \$6.3 trillion deficit.
- * The nonpartisan Congressional Budget Office, July 3: Would reduce the federal deficit by \$820 billion over the next 20 years, partly through boosting the nation's labor force.
- * The left-leaning Institute on Taxation and Economic Policy, July 10: Would boost annual state and local tax revenues by nearly \$100 million in Georgia and more than \$2 billion nationwide.