



Sherry Broder, Esq.
Michael R. Cruise, Esq.
David Derauf, M.D.
Naomi C. Fujimoto,
Esq.
Patrick Gardner, Esq.
John H. Johnson
Nathan Nelson, Esq.
David J. Reber, Esq.
Mike Webb

Hawai'i Appleseed: Jenny Lee, (808) 587-7605, jenny@hiappleseed.org
ITEP: Jenice R. Robinson, (202) 299-1066 x 29, jenice@itep.org

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New Analysis: Hawai'i's Undocumented Immigrants' Pay More than \$31.2 Million in State and Local Taxes; Contributions Would Substantially Increase Under Reform

A new 50-state study, [*Undocumented Immigrants' State and Local Tax Contributions*](#), by the [Institute on Taxation and Economic Policy](#) finds that undocumented immigrants' tax contributions would increase significantly under the Obama administration's executive actions and even more substantially under comprehensive immigration reform.

The 21,000 estimated undocumented immigrants currently living in Hawai'i already are taxpayers, paying a collective \$31,174,000 million in state and local taxes in 2012. ITEP's analysis finds their state and local tax contributions would increase by \$3 million under full implementation of the administration's 2012 and 2014 executive actions which grant temporary immigration relief status to youth who have resided in the country for at least five years and parents of U.S. citizens or legal residents. Under comprehensive immigration reform, the revenue gain in Hawai'i would be an estimated \$10 million.

The new report includes detailed, state-specific information on sales and excise taxes, personal income taxes and property taxes and calculates what undocumented immigrants are currently contributing compared with what they would pay if granted legal residency.

"This report breaks myths about undocumented immigrants by showing their current and potential economic contributions to our state revenues. Everyone in Hawai'i pays taxes, and if these immigrants are allowed to work legally, their tax contributions will greatly increase," says [Hawai'i Appleseed Center for Law and Economic Justice](#) Co-Director Gavin Thornton.

"Immigration reform adds up for Hawai'i."

"Many undocumented immigrants do have the opportunity to apply for relief right now and build their future while working legally," Thornton notes. ITEP estimates that full participation in President's Obama's executive orders, including the 2012 Deferred Action for Childhood Arrivals (DACA) program, would result in an additional \$3 million in state and local taxes. Hawai'i Appleseed is working to increase the number of participants in the DACA program, along with its partners Susannah Wesley Community Center, Aloha Dream Team, Pacific

Gateway Center, and Volunteer Legal Services Hawai'i. The Hawai'i DACA Outreach Program is supported by the DREAM Fund Hawai'i Community Foundation.

Like other people living and working in Hawai'i, undocumented immigrants already pay taxes. Besides paying the General Excise Tax when they purchase virtually any goods or services—including groceries, rent, and medical care—they pay property taxes directly on their homes or indirectly as renters. Many undocumented immigrants also pay state income taxes, for a total of \$6.3 million in Hawai'i. With comprehensive immigration reform, ITEP estimates this sum would more than double.

The report's key findings:

- Nationwide, undocumented immigrants annually contribute about \$11.84 billion in taxes. This would increase by about \$845 million under Obama administration's executive actions and by \$2.2 billion under comprehensive reform.
- Undocumented immigrants in Hawai'i contribute significantly to state and local taxes, collectively paying an estimated \$31.2 million in 2012.
- Hawai'i's undocumented immigrants' effective state and local tax in 2012 is an estimated 8.9%.
- Under President Obama's 2012 and 2014 executive actions, which would make temporary immigration relief available to up to 7,000 immigrants, state and local tax contributions would increase by an estimated \$3 million once fully in place.
- Granting lawful permanent residence to all 21,000 undocumented immigrants in Hawai'i and allowing them to work legally would increase their state and local tax contributions by an estimated \$10 million.
- Under comprehensive reform, undocumented immigrants' effective state and local tax rate in Hawai'i would increase to 10.7%, which would align their tax contributions with economically similar documented taxpayers.

While the ITEP report examines state and local-level tax data, it's important to consider this in the broader federal context as well. The benefits of immigration reform wouldn't be limited to the tax system: the Council of Economic Advisers (CEA) and the Center for American Progress (CAP) both estimate the president's executive actions will have positive effects on labor market growth and productivity, as well as wages and economic growth. The CEA estimates that the executive actions will increase national GDP by 0.4 percent over ten years, while having no impact on the likelihood of employment for U.S.-born workers.

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