

Waterloo Cedar Falls Courier

26 October 2007

Undocumented workers contribute more than \$40 million to state taxes in Iowa

By *DAN GEARINO, Courier Des Moines Bureau*

DES MOINES --- A report issued Thursday says undocumented workers contribute more than \$40 million per year in state taxes.

"Many people mistakenly assume that undocumented immigrants in Iowa pay no taxes by virtue of their unauthorized status," said the report, written by Beth Pearson and Michael Sheehan for the Iowa Policy Project.

The findings are based on estimates from the Pew Hispanic Center, which says Iowa has between 55,000 and 85,000 undocumented immigrants, and the average undocumented immigrant family earns \$27,400 per year.

The authors assume that 50 percent of undocumented workers are working "on the books" by using fake documents, which means they pay state and federal taxes. The 50-percent estimate is based on studies of undocumented workers in other states.

Based on those assumptions, an average undocumented family would pay about \$1,254 in sales taxes, \$307 in state income taxes and \$110 in property taxes, for a total of \$1,671 per year. That is about 80 percent of the amount of taxes paid by a documented family at the same income.

While undocumented workers may pay taxes, they aren't eligible for many taxpayer-funded services.

"Undocumented immigrants in Iowa pay state unemployment insurance and federal Social Security and Medicare taxes; however, because they cannot access these benefits, their tax payments offset and perhaps subsidize the provision of services and benefits to documented residents," the report said.

A top House Republican, Rep. Jeff Kaufmann of Wilton, said he is skeptical of any report that seeks to place a dollar value on an under-the-radar population like undocumented workers. Even if the numbers are accurate, he thinks the tax contributions don't excuse the fact that the workers are here illegally.

"Following the law is always going to take precedence in my mind," he said.

The report's authors say they are trying to rise above the controversy over illegal immigration and assess the true financial footprint of this population.

"Immigration policy is controversial, but any discussion of it should recognize that public services are an investment in people, and these folks are helping to pay for it," said Sheehan in a news release accompanying the report.

The Iowa Policy Project is a think tank based in Mount Vernon.

Contact Dan Gearino at (515) 243-0138 and dan.gearino@lee.net.