

Undocumented Workers Pay Millions in Oregon Taxes and Would Pay Millions More Under Immigration Reform

By Janet Bauer

Undocumented Oregonians pay taxes. The millions in taxes they pay to help fund schools and other public services that strengthen Oregon's economy.

Oregon would collect even more tax revenue under comprehensive immigration reform that would open a path to citizenship for undocumented workers. Under such a scenario, these immigrant Oregonians and aspiring citizens would contribute so much more in state and local taxes that their tax payments as a share of their income would exceed the share paid by Oregon's wealthiest 1 percent.

Undocumented workers pay \$81 million in Oregon taxes

Like other Oregonians working in the state, undocumented Oregonians contribute state and local taxes. Undocumented Oregonians pay income taxes, property taxes directly if they are homeowners and indirectly if they rent a residence, and excise taxes on goods such as gasoline and alcohol.¹

A recent report by the Institute on Taxation and Economic Policy (ITEP) estimates that 116,000 undocumented Oregonians pay about \$36 million in property taxes, \$30 million in personal income taxes, and \$15 million in sales and excise taxes each year. In total, the group pays an estimated \$81 million in state and local taxes annually.² That is enough to hire about 925 teachers.³

Undocumented Oregonians pay \$81 million in Oregon taxes, enough to hire 925 teachers



Estimated annual taxes paid by undocumented Oregonians. Excise taxes include taxes on gasoline and alcohol. Analysis by Institute on Taxation and Economic Policy.

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Comprehensive immigration reform would further increase tax collections

This group of immigrants would contribute even more if they were to gain legal status. When previously undocumented workers become authorized, they tend to earn and spend more. With greater earnings and consumption, they contribute more in income, property and excise taxes.⁴

In addition, workers with legal status must be in full compliance with state and local tax rules. Thus, granting a means to citizenship increases the number of workers paying income taxes and the amount they pay.

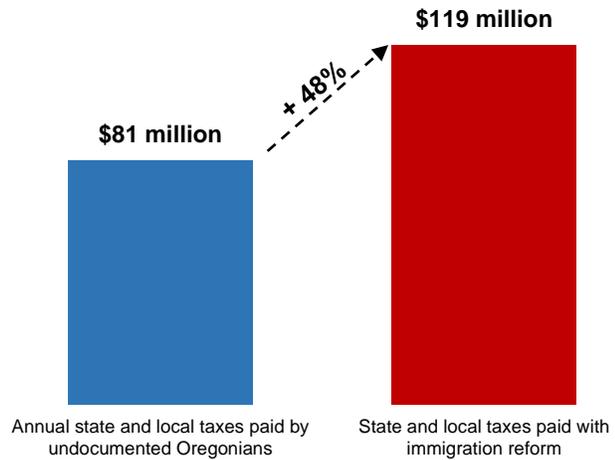
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Granting a pathway to citizenship for all undocumented Oregonians would further boost state and local tax collections.

As noted above, undocumented Oregonians pay nearly \$81 million in state and local taxes each year. Comprehensive immigration reform would increase Oregon state and local revenue by about \$39 million per year.⁵

Thus, a path to citizenship would result in about a 48 percent increase in the tax contributions of Oregonians who are currently undocumented.⁶

Immigration reform would boost state and local revenues by about \$39 million



Estimated state and local taxes paid by undocumented Oregonians.
OCPP presentation of Institute on Taxation and Economic Policy analysis.

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Immigrants would pay a higher tax rate than the top 1 percent

Immigration reform would increase the tax contributions of currently undocumented workers to such an extent that the workers would pay a larger share of their income in state and local taxes than the share paid by Oregon's wealthiest 1 percent.

As a group, undocumented Oregonians currently pay about 5.5 percent of their income in state and local taxes.

Immigration reform would elevate that share to about 7.4 percent.⁷ At that point they, like nearly all Oregonians, would pay a larger share of their income in state and local taxes than do Oregon's wealthiest 1 percent, who as a group pay at a rate of about 6.5 percent.

With legal status, undocumented Oregonians would pay a bigger share of their income than the wealthiest 1 percent



Estimated annual state and local taxes paid as a share of income.
OCPP presentation of analysis by Institute on Taxation and Economic Policy.

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Conclusion

Undocumented immigrants are important to Oregon's economy and the taxes they pay are one of the ways they contribute to the economy. Their tax contributions to schools and other vital public services would increase under a comprehensive immigration reform effort creating a path to citizenship for undocumented Oregonians.

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Endnotes

¹ Oregon also has a transient lodging tax, which is computed on the total retail price paid for occupancy of transient lodging, such as hotels and motels.

² Christensen Gee, Lisa, Matthew Gardner and Meg Wiehe. *Undocumented Immigrants' State & Local Tax Contributions*, Institute on Taxation and Economic Policy (ITEP), March 2017, available at <http://www.itep.org/pdf/immigration2017.pdf>.

³ The Oregon Department of Education estimates the average cost of an Oregon public school teacher's salary and benefits to be \$87,322 in the 2016-17 school year. OCPP analysis of Oregon Department of Education data shared by email April 7, 2017.

⁴ Kallick, David Dyssegaard. *Three Ways Immigration Reform Would Make the Economy More Productive*, Fiscal Policy Institute, June 4, 2013, available at <http://fiscalpolicy.org/wp-content/uploads/2013/06/3-ways-reform-would-improve-productivity.pdf>, p. 18-20.

⁵ OCPP analysis of ITEP data.

⁶ OCPP analysis of ITEP data.

⁷ Christensen Gee, Gardner, and Wiehe. *Undocumented Immigrants' State & Local Tax Contributions*, p. 10.