

Undocumented Workers in Marion County Pay Millions in Oregon Taxes

By Janet Bauer

Undocumented workers in Marion County, like other workers, contribute in many ways to their communities. One way they contribute is by paying state and local taxes, most of which goes to supporting schools, health care, infrastructure, and public safety services. Despite their contributions, undocumented residents are not eligible for many public services.

Undocumented Marion County residents pay \$14 million in Oregon taxes

An estimated 18,000 undocumented Marion County residents pay nearly \$14 million annually in state and local taxes.¹ For perspective, \$14 million is enough to hire 157 teachers.²

Undocumented Marion County residents pay Oregon taxes

Estimated annual state and local taxes paid by undocumented Marion County residents



Excise taxes include taxes on gasoline and alcohol.

Source: Institute on Taxation and Economic Policy, 2018.

OREGON CENTER FOR PUBLIC POLICY | [OCPP.ORG](http://ocpp.org)

Undocumented residents in Marion County are estimated to pay nearly \$7 million in property taxes — the principal way local governments fund public services. They pay property taxes directly if they are homeowners. They pay indirectly if they are renters, because, as research shows, landlords pass some of their property tax expenses on to renters.³

About \$5 million of the annual tax contributions of undocumented workers in Marion County is in the form of income taxes, including payroll taxes. Although undocumented workers lack a social security number, they can file taxes with an identification number from the Internal Revenue Service.⁴ Undocumented workers have an incentive to pay income taxes: Proof of work history and paying taxes can be beneficial if the worker applies for permanent status.⁵

Undocumented workers in Marion County are also estimated to pay more than \$2 million annually in various excise taxes assessed locally or at the state level. These include, for example, taxes on gasoline, alcohol, and tobacco.⁶

Undocumented residents are not eligible for many public services

Despite their tax payments, undocumented Oregonians are not eligible for many of the public services their contributions support. For example, undocumented residents are not eligible for Social Security, Medicare, the Oregon Health Plan (Oregon's Medicaid program) after age 18, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and federal and state earned income tax credits, among others.⁷

Undocumented Oregon residents may receive some kinds of emergency services, such as medical coverage for pregnant women and emergency cash assistance for parents who are victims of domestic violence. Depending on their family's income, children who are undocumented may be eligible for the Oregon Health Plan. The children of undocumented workers — most of whom are United States citizens — may attend public schools.⁸

Conclusion

Undocumented Oregonians contribute in many ways to their communities. One way they contribute is through the taxes they pay at state and local levels, resources that fund key services like schools and health care. Despite their tax contributions, undocumented residents are not eligible for many of the public services available to others.

Endnotes

¹ Data in this fact sheet was provided by Misha Hill at the Institute on Taxation and Economic Policy (ITEP) by email to OCPP on October 3, 2018. The methodology ITEP used to calculate income, property, and sales and excise taxes is described in *Undocumented Immigrants' State & Local Tax Contributions*, March 1, 2017, available at <https://itep.org/undocumented-immigrants-state-local-tax-contributions-2/>.

² An email from Brian Reeder, Oregon Department of Education, to OCPP on March 5, 2018 stated that the average cost of a teacher in Oregon during the 2016-17 school year was \$87,308, which includes salary, payroll taxes, and benefits.

³ Tsoodle, Leah J.; Tracy M. Turner, *Property Taxes and Residential Rents*, Real Estate Economics, February 1, 2008. Additionally, the economic research on the extent that landlords pass property tax expenses to renters is summarized in *The ITEP Guide to Fair State and Local Taxation*, Institute on Taxation and Economic Policy, March 3, 2011, p. 28, available at <https://itep.org/the-itep-guide-to-fair-state-and-local-taxes/>.

⁴ The IRS issues an Individual Tax Identification Number (ITIN) for workers not eligible for a social security number.

⁵ *Individual Taxpayer Identification Number: A powerful tool for immigrant taxpayers*, National Immigration Law Center, January 2017, available at <https://www.nilc.org/wp-content/uploads/2015/11/ITIN-facts-Q-and-A.pdf>.

⁶ In addition to excise taxes, Oregon has a transient lodging tax.

⁷ *Undocumented Workers are Taxpayers, Too*, OCPP, January 25, 2012, available at <https://www.ocpp.org/2012/01/25/iss20120120undocumented-workers-are-taxpayers-too/>.

⁸ Passel, Jeffrey S.; D'Vera Cohn, *Children of Unauthorized Immigrants Represent Rising Share of K-12 Students*, Pew Research Center, November 17, 2016, available at <http://www.pewresearch.org/fact-tank/2016/11/17/children-of-unauthorized-immigrants-represent-rising-share-of-k-12-students/>.