Undocumented Immigrants Pay $31.2 Million in State & Local Taxes in Rhode Island

Contributions Would Increase by $6 Million under Reform

Undocumented immigrants contribute $11.7 billion to state and local coffers each year, including $31.2 million in Rhode Island, according to a new study released by the Institute on Taxation and Economic Policy (ITEP). The study, Undocumented Immigrants’ State and Local Tax Contributions, also estimates that Rhode Island would gain more than $6 million under comprehensive immigration reform.

“This report shows that undocumented immigrants are contributing to Rhode Island’s state and local revenues through sales, property and income taxes” says Doug Hall, director of economic and fiscal policy at the Economic Progress Institute. Hall further observed that undocumented immigrants also contribute to Rhode Island’s economy. “Regardless of their immigration status, immigrants in Rhode Island make our economy stronger as they spend to provide for the well-being of their families.”

“Given the current rhetoric around immigrants, we need to ensure that all Rhode Islanders who are not citizens – including those who are undocumented - feel safe in our state. Not just because they contribute to our economy, like all residents, but because it is the moral thing to do” said Rachel Flum, executive director of the Economic Progress Institute.

The report found that undocumented immigrants contribute $3.9 million in personal income taxes, $9.7 million in property taxes, and $17.6 million in sales and excise taxes to Rhode Island’s economy. The report shows that undocumented immigrants in Rhode Island have an effective tax rate of 7.4 percent, compared to 6.3 percent for Rhode Island’s wealthiest taxpayers. These tax contributions would be larger if all undocumented immigrants were granted legal status under comprehensive immigration reform.

“Good policy is informed policy,” said Meg Wiehe, ITEP director of programs. “Just as the horrendous impact of breaking up families under a mass deportation policy should not be ignored, policymakers should not overlook the significant contributions undocumented immigrants make to our state and local revenues and the economy.”

“Keep in mind most state and local taxes are collected from people regardless of immigration status,” Wiehe added. “Undocumented immigrants, like everyone else, pay sales and excise taxes when they purchase goods and services. They pay property taxes directly on their homes or indirectly as renters. And, many undocumented immigrants also pay state income taxes.”

To view the full report or to find state-specific data, go to www.itep.org/immigration/.
About The Economic Progress Institute
The Economic Progress Institute is a nonpartisan research and policy organization dedicated to improving the economic well-being of low- and modest-income Rhode Islanders. For more information visit www.economicprogressri.org.