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BAD FOR BUSINESS:*How Mississippi's Proposed Anti-Immigration Laws Will Stifle the State Economy*

While proponents of harsh immigration bills in Mississippi claim that passing these laws would save the state money, experience from other states shows these immigration laws will actually cost the state millions of dollars. Implementing the laws and defending them in the courts would cost Mississippi's taxpayers millions they can ill afford. The laws would make it more difficult for businesses to operate in the state and would deter investment. The loss of taxpayers and consumers would devastate Mississippi's economy.

After the legislatures in Arizona, Alabama, and other states approved their immigration-control bills, these states experienced negative economic consequences. Meanwhile, other states have considered similar proposals, but abandoned them after concluding that the economic and enforcement costs would prove too high.

Harsh immigration laws will harm Mississippi's economy.

- Anti-immigrant laws have a negative impact on a state's economy. If unauthorized immigrants leave, the state loses workers and consumers who earn and spend money in the state. Unauthorized immigrants comprised roughly **2.9% of Mississippi's workforce** (or 35,000 workers) in 2010, according to a report by the Pew Hispanic Center.¹ Experiences from other states that have passed harsh immigration laws tell a cautionary tale:
 - According to Prof. Samuel Addy at the Center for Business and Economic Research at the University of Alabama, Alabama's HB 56 could shrink Alabama's Gross Domestic Product (GDP) by up to \$10.8 billion.² It will result in "a shrinking of the state economy and will be seen in lower economic output, personal income, and fewer jobs than would otherwise have been."³ Prof. Addy estimates that a loss of 40,000 to 80,000 unauthorized immigrants who earn between \$15,000 and \$35,000 annually could result in:
 - 70,000 to 140,000 lost jobs;
 - \$2.3 to \$10.8 billion reduction in Alabama GDP, or 1.3 to 6.2 percent of the state's \$172.6 billion GDP in 2010;
 - \$57 to \$264 million loss in state income and sales tax collections; and
 - \$20 to \$93 million loss in local sales tax collections.⁴

- Mississippi could experience a major blow to **tourism, gambling, and conventions, a \$2.5 billion industry responsible for 10 percent (110,615) of the state’s nonfarm jobs.**⁵ After Arizona passed SB1070, major groups and associations cancelled events and conventions in the state. A report by the [Center for American Progress](#) (CAP) estimates that Arizona will lose \$45 million in lodging revenue alone,⁶ and Mississippi could experience similar losses to Gulf Coast tourism. Arizona was eventually forced to spend \$250,000 for a marketing campaign to help improve its image after SB1070 was enacted.⁷
- After passing its immigration enforcement bill (HB 87), Georgia’s agriculture industry experienced severe labor shortages. Early reports from the state estimate economic losses for the 2011 growing season to be between \$300 million and \$1 billion.⁸ Agriculture is not only a key industry in many states, but losses in the agricultural sector tend to have multiplier effects that ripple throughout the entire state economy.

Harsh immigration laws would result in lost tax revenues for Mississippi.

- Mississippi stands to lose millions of dollars in tax revenues if unauthorized immigrants—as well as legal immigrants whose lives are made difficult by the law—were to leave. Unauthorized immigrants in Mississippi paid **\$52.4 million** in state and local taxes in 2010, according to data from the Institute for Taxation and Economic Policy,⁹ which includes:
 - \$8.1 million in state income taxes;
 - \$2.6 million in property taxes; and
 - \$41.7 million in sales taxes.
- According to Professor Addy, a similar law in Alabama could result in a loss of between \$56.7 and \$264.5 million in state income and sales tax collections and up to \$93.1 million lost in local sales tax collections.

Harsh immigration laws will create an unfriendly environment for investment in Mississippi.

- Mississippi’s prospects for economic growth rely heavily on the expansion of manufacturing, which will require business-friendly public policy to succeed. In 2003, Nissan USA opened Mississippi’s first auto plant, which now employs approximately 5,300 Mississippians, and Toyota will soon build a plant of its own. In the last two years, five clean energy producers and green building manufacturers have created more than 3,000 jobs in Mississippi.¹⁰ If such growth is to continue, **investors need to expect a hassle-free experience for work permit-holding foreign management and workers alike**, which cannot happen when state officials and law enforcement officers are required to verify immigration status.
- According to Gerald Dial, Alabama State Senate Republican whip and former HB 56 supporter, an unintended consequence of the legislation in that state has been to **make other states more attractive for investors.** “Other states will say, ‘Hey, you don’t want

to go to Alabama now,” said Dial. “We’re probably going to lose those people. We won’t know about it. There won’t be a big red flag: ‘Hey, we didn’t go to Alabama, we’re going to go to Arkansas or we’re going to go to South Carolina.’ That’s probably the most detrimental part of the whole bill.”¹¹

- According to the Tax Foundation, Mississippi [ranks](#) as the 11th most favorable state for low corporate taxation.¹² The increase in public spending that would likely accompany the implementation of the law may require Mississippi to raise its corporate tax rate, making the state less attractive to entrepreneurship.

Harsh immigration laws would be harmful to Mississippi businesses.

- A survey of farmers conducted by the Georgia Department of Agriculture found 56% of those surveyed were experiencing difficulty finding workers.¹³ A Georgia Restaurant Association survey found that nearly half (49%) of surveyed restaurants reported labor shortages, and 88% were concerned about future shortages. Lack of workers and related business losses have cut some restaurants’ revenue by as much as \$80,000 per month.¹⁴
- The law gives the state greater power to enforce the already mandatory use of the **E-Verify employment verification system**.¹⁵ Bloomberg estimates that implementing E-Verify costs small businesses an average of \$435 per year.¹⁶ There are also costs to U.S. citizens and legal immigrants who are erroneously flagged as not eligible to work by E-Verify and must take time off of work to navigate the bureaucracy to fix the error.
- State immigration enforcement laws mean **businesses must incur additional costs**. Economist Jeremy Thornton of Samford University points to the “shadow costs” employers incur when they take steps to protect themselves from the law’s stiff penalties. **Businesses will spend more on employee screening** to protect themselves from provisions of the law that bar them from knowingly hiring unauthorized workers. There could also be **increased litigation costs for businesses** because any legal worker could sue the employer if they have hired an unauthorized worker. “Every business that now has to comply with this legislation, that’s just extra cost. And anytime you raise costs, businesses shrink.”¹⁷ Businesses will likely have to **spend more on third party assistance** for employment eligibility paperwork and extra human resources staff.¹⁸

Implementing harsh immigration laws would cost Mississippi millions.

- Implementing SB 2090 will be very expensive at a time when Mississippi is already struggling financially. Potential costs include costs to **schools**, which must determine the immigration status of students and their parents; costs to **jails**, which would have to detain more immigrants; costs to the **court system**, which would have to prosecute violations of the new law; and **legal costs** to the state to defend against lawsuits.
- Some states that considered immigration enforcement laws in 2010-2011 backed off once they considered cost estimates for implementation.¹⁹

- In Kentucky, an enforcement bill died after an estimate showed it would cost the state \$89 million per year to enforce.²⁰
- In Louisiana, a bill was withdrawn when it was estimated to cost \$11 million to implement.²¹
- In Tennessee, the General Assembly Fiscal Review Committee found that their proposal would increase expenditures by \$3 million for the first year and \$1.8 million every year after that.²²

Mississippi will have to spend millions to defend laws in the courts.

- If proposed laws were to pass, they would immediately be challenged on constitutional and other grounds. Defending the law in the courts can be very expensive.
 - In Arizona, [seven lawsuits](#) were filed to stop implementation of SB1070, and other states are likely to see numerous lawsuits against similar legislation. At the end of February 2011, Arizona had [already spent](#) more than \$1.5 million defending SB 1070.²³

Endnotes

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³ Ibid., p. 2.

⁴ Ibid.

⁵ Mississippi Development Authority, "[Key Indicators FY 2010](#)."

⁶ Marshall Fitz and Angela Kelley, [Stop the Conference: The Economic and Fiscal Consequences of Conference Cancellations Due to Arizona's SB1070](#) (Washington, DC: Center for American Progress, November 2010).

⁷ Ginger Rough and Dawn Gilbertson, "[Governor Out to Rebrand Arizona Over Immigration Law Criticism](#)," *The Arizona Republic*, May 14, 2010.

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¹¹ "[Episode 456: Reap What You Sow](#)," *This American Life*, WBEZ, Chicago, January 27, 2012.

¹² Mark Robyn, "[2012 State Business Tax Climate Index](#)" (Washington, DC: The Tax Foundation, January 25, 2012).

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¹⁴ Georgia Restaurant Association, "[Georgia immigration reform restaurant impact study](#)," July 2011.

¹⁵ See IPC's [E-Verify state fact sheets](#) for more information on the costs to select states.

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²⁰ NECN, "[Cost of Ky. Immigration Bill Could Reach \\$89M](#)," February 2, 2011.

²¹ Ed Anderson, "[Rep. Ernest Wooton withdraws bill requiring police to check status of immigrants](#)," *The Times-Picayune*,

²² James W. White, [Fiscal Note SB 780 - HB 1380](#) (Nashville, TN: Tennessee General Assembly Fiscal Review Committee, March 14, 2011).

²³ Ginger Rough, "[1.5 Million Already Spent Defending SB 1070](#)," *The Arizona Republic*, February 25, 2011.