



# IMMIGRATION POLICY CENTER

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## **POLICY BRIEF**

May 2, 2002

### **Immigrants Pay their Fair Share**

*Study Shows Florida Immigrants Pay their Proportionate Share of Taxes  
– and Sometimes More*

*A recent study by the University of Florida shows that immigrants in Florida pay their fair share of taxes, and in some cases there are several immigrant groups that pay substantially higher taxes.*

#### **Why Florida?**

A 2001 study conducted by the Bureau of Economic and Business Research at the University of Florida focuses on the economic impact of immigrants using Florida native-born residents and immigrants as their sample group. Florida provides an interesting area to study the immigration question, as it is the third-leading destination for immigration. Specifically Florida's Miami-Dade County is a haven for immigration and an example of an area that has felt a profound effect of several generations of immigrants. One aspect that the study focuses on is comparing the level of taxes paid in Florida and Miami-Dade County by both immigrants and persons born in the United States.

#### **Different Immigrants Studied**

The study focuses both on Florida in general, and Miami-Dade County specifically and separates immigrants into several categories, including where they were born, when they arrived in the U.S., whether or not they are naturalized citizens, and which generation of immigrants they belong to. The study uses census data and examined federal income, FICA, property, and sales taxes, and in the end, researchers came to conclusions that were overwhelmingly positive.

#### **Foreign-Born versus Natives in Florida**

The study shows that although Florida immigrants paid less per capita than native-born persons, most immigrants pay their share of taxes - in fact, some immigrants studied pay more. For example, immigrants who arrived in the United States before 1980 pay 25 percent more in taxes than do natives - \$5,268 compared to \$4,180. Also, naturalized citizens paid an estimated \$5,485 in taxes, 31 percent more than natives. A possible explanation for this may be due to that fact that both naturalized citizens and immigrants who arrived prior to 1980 have had many years of residence in the U.S. to develop careers in business and pursue a variety of economic opportunities, providing them with greater taxable income than other groups of immigrants.

In general natives pay more in taxes than immigrants, but researchers found this to be because of the larger native-born population in Florida. The study found that while natives pay the majority of the taxes in Florida (85 percent) it is because they are also the majority of the population (84

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percent). The foreign-born comprise about 16 percent of Florida's population and they pay 15 percent of all taxes in Florida, proving that there is little difference between immigrants and natives in terms of total taxes they pay in Florida.

#### Immigrants and Social Security

Surprisingly enough, when it comes to paying Social Security, immigrants pay more than natives. Immigrants annually pay \$1,011 in Social Security, or FICA taxes while natives pay \$881. The immigrant groups that contribute the most to Social Security are immigrants who arrived before 1980 and naturalized foreign-born citizens, who pay \$1,235 and \$1,186 respectively.

A similar study conducted by the National Research Council has shown that due to contributions by immigrants, the total net benefit to the Social Security System will be nearly \$500 billion. With more people than ever retiring at an earlier age, the U.S. finds its Social Security funds depleting. These studies show that immigrants who pay the Social Security tax are helping solve this problem.

#### **Focus on Miami**

The study also specifically targets Miami-Dade County, an area with one of the largest immigrant populations in the U.S., and also found that immigrants are paying their share of taxes. Results of the study show that of Miami-Dade County residents, immigrants pay \$142 more per capita in total taxes than native-born citizens. Natives paid an average of \$3,467 in all taxes while immigrants paid \$3,609.

Also similar to the study of all of Florida, immigrants pay more in social security tax than natives. Naturalized foreign-born pay the highest FICA taxes of any immigrant or native group, \$1,289 on average per year.

#### **Conclusion**

The University of Florida study shows that immigrants do pay their proportionate share of taxes and in some cases pay more than the native-born population. Even though differentials exist within the immigrant population by time of arrival, citizenship, and place of birth, the study shows immigrants are equal to natives in terms of paying taxes.

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