



## The Economic Impact of Arizona-Style SB 1070 Copycat Legislation

States across the country are considering adopting measures modeled after Arizona's racial profiling law, SB 1070. Enacting such misguided legislation imposes serious fiscal costs for states, particularly in a time when many are facing huge deficits and can ill afford to spend tens or even hundreds of millions of dollars on unconstitutional, discriminatory attempts to regulate and enforce federal immigration laws.

Following are some resources that help explain to policymakers and advocates the costs associated with SB 1070 copycat bills.

### A Blow to the State Economy

The Center for American Progress issued a report documenting the impact of SB 1070 on Arizona's tourism and convention industry, following a national public-opinion backlash against the state. An independent research organization commissioned by the Center found that **lost hotel and lodging revenue to the state from cancelled conventions totaled at least \$45 million** in just the first several months after enactment. The **accompanying loss in direct spending** by convention visitors who will no longer be coming to the state **brings the loss up to \$141 million**. The **ripple effect includes 2,761 lost jobs, \$86.5 million in lost earnings, \$253 million in lost economic output, and \$9.4 million in lost tax revenues** to the state. Center for American Progress, "[Stop the Conference: The Economic and Fiscal Consequences of Conference Cancellations Due to Arizona's S.B. 1070](#)," Marshall Fitz and Angela Kelley, November 2010.

This article in the *New York Times* provides a helpful summary of the Center for American Progress report showing that **Arizona stands to lose hundreds of millions of dollars** from the blow suffered by the state's convention industry because of SB 1070. Marc Lacey, "[Arizona Law Said to Harm Convention Businesses](#)," *The New York Times*, November 17, 2010.

The Immigration Policy Center, the research and policy arm of the American Immigration Council, has compiled **state-by-state fact sheets with statistics and information about the economic and political power of immigrants in each state**, from various independent sources and studies. Immigration Policy Center, "[The Economic and Political Power of Immigration State by State: A Map](#)," October 15, 2010.

In contrast, many anti-immigrant policymakers rely on flawed fiscal impact reports by the immigration restrictionist group, Federation for American Immigration Reform (FAIR), to justify the need for policy measures designed to drive immigrants out of their states. The Immigration Policy Center has issued a **release that helps debunk the distorted numbers issued by FAIR, and shows that FAIR willfully ignores the economic contributions of immigrants and the**



**fundamental rights of their U.S. born, citizen children.** Immigration Policy Center, "[FAIR's Distorted Fiscal Snapshot of Unauthorized Immigrants](#)," July 8, 2010.

### **An Unfunded and Costly Mandate on the State**

The Immigration Policy Center developed a **checklist to help state policymakers understand the economic consequences imposed by SB 1070 copycat measures**, including unfunded mandates on law enforcement and courts; major hits to state economies; and costly litigation. Immigration Policy Center, "[Checklist for Estimating the Costs of SB 1070-Style Legislation](#)," January 19, 2011.

An official legislative fiscal impact statement regarding SB 6, an SB 1070 copycat measure introduced in Kentucky, shows **net estimated costs to the state of approximately \$40 million per year**. The fiscal note documents costs to local police and law enforcement; increased costs of incarceration in local jails and state prisons; a major increase in the workload of state criminal courts, including increased prosecutions; a decline in state income, payroll, and sales tax revenues from the many undocumented immigrants who pay taxes into the system; and foster care expenses for the children of undocumented immigrant parents who are detained. Total costs to the state from the legislation would be almost \$90 million, with projected savings – primarily from the children, including U.S. citizens, of undocumented immigrants being pulled out of public schools – of about \$50 million, for a net cost to the state of \$40 million per year. Kentucky Legislative Research Commission, "[State Fiscal Note Statement – Senate Bill 6](#)," January 13, 2011.

This article in a Kentucky state newspaper provides a good summary of the fiscal note described, above. John Cheves, "[Immigration bill would cost state \\$40 million a year](#)," *Lexington Herald-Leader*, January 14, 2011.

### **An Invitation for Costly Litigation**

In just the **first three months after Arizona enacted SB 1070**, its **bill for defending against several legal challenges to the new law topped \$1 million**, according to records released by the state. Alia Beard Rau, "[Cost to defend Arizona immigration law tops \\$1 million](#)," *The Arizona Republic*, October 27, 2010.

Other media reports indicate that, since 2006, just three cities have paid out or owe a collective **\$8,570,000** in legal fees to defend against unconstitutional, discriminatory laws targeting immigrants at the local level, as detailed below.



In **Hazleton**, Pennsylvania news reports indicate that the city has spent approximately \$500,000 in its own legal fees and is on the hook for at least \$2.4 million for the prevailing side's attorneys' fees, for a total of **\$2.9 million**.<sup>1</sup> In **Valley Park**, Missouri, the town reports [paying out \\$270,000](#) in legal fees. In **Farmers Branch**, Texas, the city has already paid \$3.4 million in defending its law, and may owe another \$2 million to the winning side, for a [total of \\$5.4 million](#). In both Hazleton and Farmers' Branch, their insurance carriers have refused to cover the losses.<sup>2</sup> Moreover, these figures do not include places, such as Escondido, California and Riverside, New Jersey, that have repealed their ordinances rather than continue to pay legal fees in the combined amount of almost \$400,000.<sup>3</sup> Fremont, Nebraska recently estimated that it will cost the city approximately [\\$750,000 per year](#) to defend its voter-approved ordinance.

As a result, these places have had to cut back programs and services, and even raise taxes just to cover the budget shortfalls resulting from expensive litigation to defend unconstitutional ordinances. In Farmers Branch, a deficit attributable to its legal defense of its anti-immigrant ordinance [forced the city to put off street maintenance projects, as well as vehicle and equipment purchases](#). In Riverside, New Jersey the town's fees of \$82,000 meant it had to [delay road-improvement projects and repairs to its City Hall](#). And notably, the Fremont, Nebraska City Council recently proposed a budget that will [impose an 18% hike in local property taxes](#) to pay for the litigation costs associated with defending the ordinance in court.

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<sup>1</sup> <http://citizensvoice.com/news/hazleton-will-again-rely-on-public-contributions-1.1002781>, and [http://www.timesleader.com/news/Legal\\_bills\\_may\\_sock\\_Hazleton\\_05-08-2009.html](http://www.timesleader.com/news/Legal_bills_may_sock_Hazleton_05-08-2009.html).

<sup>2</sup> [http://www.timesleader.com/news/Legal\\_bills\\_may\\_sock\\_Hazleton\\_05-08-2009.html](http://www.timesleader.com/news/Legal_bills_may_sock_Hazleton_05-08-2009.html), and <http://www.fremontne.gov/DocumentView.aspx?DID=708>.

<sup>3</sup> [http://money.cnn.com/2008/04/17/smbusiness/illegal\\_immigration\\_dividing.fsb/index.htm](http://money.cnn.com/2008/04/17/smbusiness/illegal_immigration_dividing.fsb/index.htm), and <http://www.msnbc.msn.com/id/18510951>.