

Department of Legislative Services
 Maryland General Assembly
 2011 Session

FISCAL AND POLICY NOTE

House Bill 745 (Delegate McDonough, *et al.*)
 Economic Matters

Task Force to Study the Financial Impact of Illegal Immigrants on Maryland's Job Market

This bill establishes a Task Force to Study the Financial Impact of Illegal Immigrants on Maryland’s Job Market. In studying the impact of illegal immigrants on Maryland’s job market, the task force must (1) determine which job categories or industries have significant numbers of illegal immigrant workers; (2) assess the effect of employment of illegal immigrants on the competitive bidding process; (3) ascertain the number of jobs in which illegal immigrants unfairly replace citizens; and (4) make recommendations regarding legislation to address problems documented by the task force. The Department of Business and Economic Development (DBED) and the Department of Legislative Services (DLS) must provide staffing for the task force. The recommendations and findings of the task force are due to the Governor and the General Assembly by December 1, 2011.

The bill takes effect July 1, 2011, and terminates December 31, 2011.

Fiscal Summary

State Effect: General fund expenditures increase by \$100,000 in FY 2012 for DLS to hire contractual staff to support the task force and complete the required report within five months. Revenues are not affected.

(in dollars)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	100,000	0	0	0	0
Net Effect	(\$100,000)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Immigration policy is increasingly becoming a topic of interest for many people in Maryland and throughout the nation. With comprehensive immigration reform stalled at the federal level, State and local officials are being asked to address various issues relating to immigration and, in particular, the perceived effects of unauthorized immigration. Foreign residents who live in the United States without obtaining proper authorization from the federal government are considered unauthorized immigrants. These individuals can be categorized into two primary groups: those who enter the country without approval from national immigration authorities; or those who violate the terms of a temporary admission without obtaining either permanent resident status or temporary protection from removal. Other terms used to reference this group include unauthorized aliens, illegal immigrants, and undocumented immigrants.

To gain a broader understanding of the economic and fiscal issues surrounding immigration, the General Assembly passed legislation in 2008 establishing the Commission to Study the Impact of Immigrants in Maryland. In 2010, the commission began its deliberations by examining the demographic and socioeconomic profile of the State's immigrant community. The commission was also presented with information concerning the economics of immigration, federal and State immigration enforcement programs, local law enforcement policies, and compliance efforts with the federal REAL ID requirement. Throughout its deliberations, the commission has compiled a compendium of research reports and publications relating to immigrants at the national and State levels. This information, along with public presentations, will guide commission members in presenting its findings to the Governor and the General Assembly. The commission released an interim status report in January 2011. The commission is scheduled to terminate on May 31, 2011. However, legislation (SB 15/ HB 34) has been introduced in the 2011 session proposing to extend the termination date of the commission to May 31, 2012.

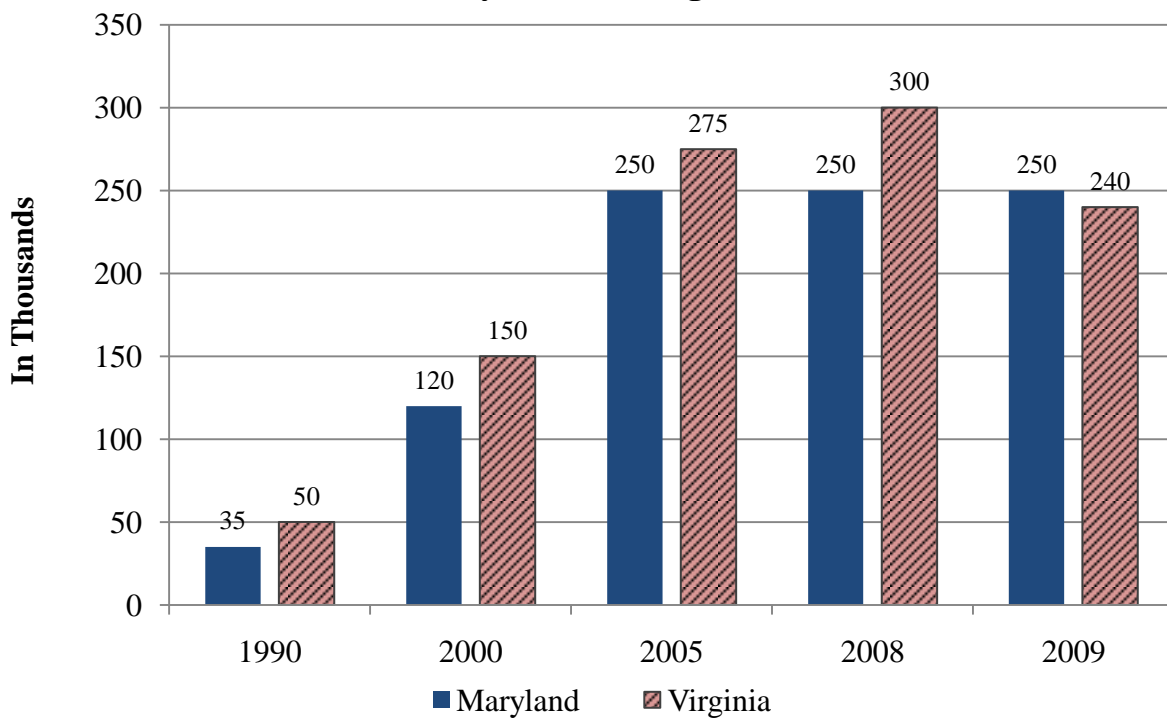
Extent of Unauthorized Immigration to Maryland

A significant portion of Maryland's immigrants are unauthorized, according to estimates made by private research organizations. The Pew Hispanic Center, which does not take positions on policy issues, estimated that there were 250,000 unauthorized immigrants in the State in 2009, with a range of between 210,000 and 300,000 (**Exhibit 1**). Based on this estimate, Maryland had the tenth highest number of unauthorized immigrants among the states that year. Over the last two decades, the presence of unauthorized immigrants

in Maryland has increased dramatically, from an estimated population of 35,000 in 1990 and 120,000 in 2000. Today, unauthorized immigrants account for 6.3% of the State's labor force and 4.5% of the State's population. Nationally, unauthorized immigrants account for 5.1% of the labor force and 3.7% of total population.

Estimates from the Pew Hispanic Center are in line with projections made by other private research organizations. The Center for Immigration Studies, which advocates reducing immigration, estimated that there were 268,000 unauthorized immigrants in Maryland in 2007. This estimate was based on an analysis of data from the U.S. Census Bureau's *2007 Current Population Survey*. The U.S. Department of Homeland Security, which provides projections on unauthorized immigrants at the national level and for selected states, has not prepared projections at the state level for Maryland.

Exhibit 1
Unauthorized Immigrant Population in
Maryland and Virginia



Source: Pew Hispanic Center

Economic Impact of Immigration

The commission's examination of the economics of immigration included all types of immigration, and was not limited to unauthorized immigration. In its interim status report, the commission stated that research has concluded that, on average, immigration provides a small, though lasting, net economic benefit to native workers. Over the short run, one to four years, the commission stated that immigration can have direct impacts in product and service markets by expanding the labor capacity. If a regional economy is growing briskly and labor demand is high, immigration may be an important component of growth. On the other hand, if the economy is growing slowly or is in recession, immigration may contribute to downward pressure on wages and the displacement of native workers, at least for occupations with a high percentage of immigrant labor.

In the long term, the commission stated that a permanent expansion of the labor supply through immigration should induce new investments in capital equipment and structures to produce a durable and balanced expansion of productive capacity. If immigration labor is particularly complimentary to the existing labor force, a more efficient allocation of labor and capital can add to the dynamic growth of the economy.

State Expenditures: General fund expenditures increase by \$100,000 in fiscal 2012, which reflects payments to consultants and costs to staff the task force at DLS. General fund expenditures may also increase minimally at DBED to staff the task force. Expense reimbursements for task force members are assumed to be minimal and absorbable with existing resources.

Additional Information

Prior Introductions: HB 1121 of 2004 received an unfavorable report from the House Economic Matters Committee.

Cross File: None.

Information Source(s): Department of Business and Economic Development, Department of Legislative Services

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ncs/rhh

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