



# Alabama's Immigration Disaster

The Harshest Law in the Land Harms  
the State's Economy and Society

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# Introduction and summary

In June 2011 Alabama passed the Beason-Hammon Alabama Taxpayer and Citizen Protection Act, H.B. 56. The law, which took effect in late September, lives up to its billing as the nation's toughest immigration bill and goes well beyond the Arizona law (S.B. 1070) on which it was based.<sup>1</sup>

H.B. 56 requires schools to check and report the immigration status of their students and bars undocumented students from postsecondary education. It instructs police to demand proof of immigration status from anyone they suspect of being in the country illegally, even on a routine traffic stop or roadblock. It also invalidates any contract knowingly entered into with an illegal alien, including routine agreements such as a rent contract, and makes it a felony for an unauthorized immigrant to enter into a contract with a government entity. Finally, it goes beyond any previous legislation by effectively making it a crime to be undocumented in the state.<sup>2</sup>

The law's impact, by virtue of the fact that much of it went into effect,<sup>3</sup> has been swift and detrimental to the state, with a significant exodus of Latinos. But in a state already ravaged by tornadoes and lagging in economic recovery, the costs and social effects of the law have been particularly harsh.

Overall, as Professor Samuel Addy of the Center for Business and Economic Research at the University of Alabama's Culverhouse College of Commerce and Business Administration has illustrated, because of H.B. 56, Alabama could *lose* up to \$10.8 billion (or 6.2 percent of its gross domestic product), up to 140,000 jobs in the state, \$264.5 million in state tax revenue, and \$93 million in local tax revenue.<sup>4</sup>

These costs will all be incurred to drive out an undocumented population that is estimated to be only 2.5 percent of the state—a population that paid \$130 million into the state's tax coffers in 2010.<sup>5</sup>

Alabama's agricultural industry and foreign investment are especially affected. Chad Smith, a tomato farmer, estimates that he could lose up to \$300,000 in produce because of the lack of farmworkers who are now fleeing the state. And recent embarrassing incidents such as the arrest of Mercedes-Benz and Honda executives under the provisions of the new law jeopardize the presence of foreign companies, which give the state both a significant amount of money and a significant number of jobs—5 percent of the state's workforce in 2009, the most recent year for which data are available.<sup>6</sup>

As bad as the economic impact is, though, the social and humanitarian costs are even higher. There are countless stories of families suddenly torn apart and lives disrupted, of frightened children and distraught parents faced with the choice of leaving their children behind to give them a better future.

Not surprisingly, supporters and opponents of the law alike are already discussing changing it. Even Gov. Robert Bentley (R), an early proponent of the law, has acknowledged that he is working with the legislature to revise the immigration bill in the next session.<sup>7</sup>

This report reviews the economic and social harm caused by H.B. 56, arguing that the anti-immigration bills has, and will continue to cause severe damage to the agricultural industry, foreign investment, and civil rights. We contend that Republican legislators rushed into passing H.B. 56 without considering the economic effects of the law, following a national political debate led by such figures as the anti-immigrant Kansas Secretary of State Kris Kobach (R), rather than the needs of their home state.

Efforts to repeal the bill cannot possibly undo all of the harm wrought by H.B. 56 but repeal would go a long way at stopping the damage of a poorly conceived and hastily enacted measure. The best solution, though, comes not from the state but from Congress, which should step in to fix our broken immigration system and fill the void created by federal inaction. A sensible federal solution would establish smart enforcement policies, resolve the status of those illegally present in the United States, create flexible legal channels of immigration that serve the national interest, and curtail immigration outside of legal status.<sup>8</sup>

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## H.B. 56's consequences at a glance

### **Projected total losses**

- Up to \$10.8 billion, or 6.2 percent of Alabama's GDP.
- Up to 140,000 jobs.
- \$264.5 million in state tax revenue.
- \$93.1 million in local tax revenue.

### **Damage to agriculture**

- Alabama's agricultural sector brings in \$5.5 billion per year, with \$1.6 billion in tomato production alone.
- Tomato farmer Chad Smith estimates he will lose \$300,000 because of rotten fruit from the lack of laborers.

### **Damage to foreign investment**

- Foreign companies employ 5 percent of the state's population.
- The auto industry alone supports close to 45,000 jobs, with a total payroll of \$4.8 billion.
- The cancellation of a planned headquarters tower in Birmingham for the Spanish bank BBVA Group cost the state \$80 million.
- The \$100 million Golden Dragon Precise Copper Tube Plant in Thomasville is in peril because of H.B. 56.

### **Damage to social and civil rights**

- On the first Monday after H.B. 56 went into effect, 2,285 Latino students (out of 34,000 in the state) did not show up to school.
- The Southern Poverty Law Center received 2,000 calls to their helpline in the law's first week of operation. The line was set up to report racial profiling and abuses under H.B. 56.

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