

Discussion of *Unauthorized Immigration and Local Government Finances*

**2025 Municipal Finance Conference
Washington DC**

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Overview of the Paper

1. Important and Timely Topic
2. Have created an amazing set of data
3. Novel approach to assessing the effects of immigration on local government fiscal health
4. Intriguing approach to measuring local labor market conditions

Key Estimates from Table V

Differences in bond interest rates relative to issuer with 1st quintile immigration and normal markets

Effects in Normal Markets

- All issuers, all bonds, 5th quintile: +4 basis points
- City all bonds, 5th quintile: +7 basis points
- City revenue bonds, 5th quintile: +10 basis points

Effects in Tight Labor Markets

- City all bonds, 5th quintile: -6 basis points
- City general obligation bonds, 4th quintile: -5 basis points
- County revenue bonds, 5th quintile: -13 basis points

What are the fiscal pressures?

Revenues:

- No significant effects on total revenue, total taxes, or property taxes
- Surprising finding: Unauthorized immigration **lowers** aggregate sales taxes
- Authors suggest cash transactions, but this wouldn't explain an aggregate **decline**

Spending:

- Unauthorized immigration significantly increases local government expenditures across multiple categories:

Welfare assistance, Education, Construction/infrastructure, Law enforcement

Next step:

- Do the specific localities that increase expenditures actually experience higher bond rates?
- This impressive dataset could test this directly

Would love more information about the sample

Bond data coverage concerns:

- Using Willamette data across all counties from 1967-2022, only half the observations have bond income
- Some counties have no bond data in any year - no interest rate data at all
- **Key question:** How many counties have changes in immigration over a period when they have bond income?

Labor market tightness:

- Tightness as defined is pretty sticky - how much does it vary over years?
- Just focusing on unemployment rate tightness condition suggests stickiness

Distribution of Counties by % of Years with UR Below National Average

