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**Oppose SB 357:
A costly new bureaucracy that will harm the Texas economy**

SB 357 creates a procedure for the Comptroller to revoke professional or occupational licenses from an employer found to have knowingly hired individuals not lawfully present in the U.S., effectively creating “employer sanctions” for violations of immigration law in state law. It encourages the use of flawed federal databases to verify employment eligibility, and creates vast new bureaucracy by requiring the Comptroller, Texas Workforce Commission and state licensing agencies to help enforce immigration law.

Employer sanctions have devastated the economies of Oklahoma and Arizona. After similar sanctions were passed in Oklahoma, the state experienced a labor shortage, businesses closed, and tax revenue plummeted. Meanwhile the President of the Arizona Chamber of Commerce and Industry, Glenn Hamer, stated: *“It’s crystal clear that the employer sanctions law will harm the state economy. It’s simply a question of degree.”* Arizona currently faces the one of the largest budget deficits in the nation. In this current financial crisis, Texas should take steps to strengthen our economic position, not jeopardizing the ability of businesses to operate in our state.

Encouraging participation in flawed federal employment eligibility databases like E-Verify waste both time and money. Under SB 357, an employer complies with state law if he has verified employment eligibility of his workers in a federal work authorization database such as E-Verify. The E-Verify database draws upon data in the Social Security Administration database and Homeland Security databases, both of which are riddled with errors. The Social Security Administration reports that approximately 17.8 million of its files contain erroneous data. A report commissioned by the Department of Homeland Security (DHS) released in September 2007 revealed that 10 percent of naturalized citizens have erroneous data in their DHS files that would result in their being unconfirmed for work eligibility. The report concluded that the DHS database used for E-Verify does not meet federal requirements for accurate verification.

Encouraging the use of E-Verify for thousands of Texas employers could lead to discrimination against lawful immigrant workers. Due to weaknesses in the data, immigrant workers who are employment eligible are more likely to require manual verification of their eligibility than native-born workers. This creates an incentive for employers to avoid hiring lawful immigrant workers and individuals perceived as “foreign.” This mandate could contribute to employment discrimination and negatively affect thousands of lawful immigrant workers.

Burdensome requirements on employers are likely to fuel the growth of off-the-books employment. SB 357 seeks to prevent employment on a cash-only basis, but it may accomplish the opposite if it encourages employers to hire workers under the table and avoid the harsh consequence of losing their licenses.

This bill creates a costly new bureaucracy to enforce a law that will harm the economy. Under this new law, the Comptroller and state licensing agencies would have to craft new rules to implement and enforce employer sanctions. During these times of economic uncertainty, our state agencies need to focus on the important work they already have, and not become ensnared in the enforcement of federal immigration law.