

**SECTION 205 [BROAD OPTION].
STATE INCOME TAX DEDUCTIONS FOR ILLEGAL ALIENS DISALLOWED;
EXCEPTIONS.¹**

IRLI Comment: Medical and other insurance benefits paid on behalf of an unauthorized alien worker would remain deductible as a business expense. Enforcement would occur through normal existing state revenue agency administrative, civil and criminal procedures; except that the name and address of any taxpayer for whom an “illegal alien” tax deduction disallowance was sustained after appeal would also become a public record for two years. Additional state expenditure for law enforcement would be, and the measure could be self-financing.

(A) [##State##] Code Title [X], Chapter [X], Section [X #Tax Code provision on deductions#] is amended to add new subsection [X], as follows:

“(X)(1). No person who was, at any time during the tax year, an alien unlawfully present in the United States pursuant to federal immigration law, shall be allowed any individual or standard deduction under this section.

“(2) The provisions of paragraph (1) shall not apply to a taxpayer that presents documentation acceptable to the [#Department of Revenue#], establishing that the taxpayer was, during the tax year, (A) naturalized as a United States citizen, (B) granted the status of an alien lawfully admitted for permanent residence as defined by 8 U.S.C. 1101(a)(20), (C) granted a valid nonimmigrant classification defined in 8 U.S.C. 1101(a)(15) or (D) granted any immigration classification permitting the taxpayer to be employed during the tax year in the United States.

“(3) No deduction shall be allowed pursuant to paragraph (x) of subsection [#deduction for ordinary and proper business expenses#] for wages or compensation of any kind paid or provided to an unauthorized alien in this state.

“(4) The provisions of paragraph (3) shall not apply to a taxpayer if, in the case of a person subsequently determined to be an unauthorized alien, the taxpayer had, prior to disbursement of the wages or compensation for which the deduction is claimed, (A) verified the person’s employment authorization with the United States Department of Homeland Security, using the E-Verify system or other federally authorized verification method, or (B) verified the validity of

¹ Source: GA SB 529 § 7.

the person's social security number with the Social Security Administration, and retained a copy of the person's unexpired [#state#REAL ID-compliant#] driver's license or non-driver identification card with the taxpayer's tax records."

(B) The [#Department of Revenue#] shall keep a public record, for two years, of the name and address of any taxpayer for whom, after exhaustion of all any administrative or judicial appeals, disallowance of a deduction under this subsection has been sustained, as well as of the amount of the deduction disallowed, where the amount of the disallowed deduction was greater than \$5,000.