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Body

A new <u>Arizona</u> law against employing illegal <u>immigrants</u> has shaken businesses, scared workers, delighted advocates of stricter immigration controls and added to tensions in a state <u>split</u> <u>over</u> who belongs here and who does not.

And that is even before the law's scheduled effective date, Jan. 1.

State officials are seeking to curb illegal immigration by choking the supply of jobs with the law, which threatens to pull the business license of any employer that knowingly hires an illegal **immigrant**.

It is an example of the scores of state and municipal laws meant to address illegal immigration on the belief that the federal government has not done enough to thwart it. But the <u>Arizona</u> version is among the toughest and could test states' ability to crack down on the countless businesses that have relied on illegal workers.

<u>Arizona</u> makes for a striking laboratory. Its estimated population of 500,000 illegal <u>immigrants</u> is among the highest and fastest growing in the country, and illegal workers make up an estimated 9 percent to 12 percent of the work force, mostly in low-skill jobs in the service, construction and landscaping industries, according to research at *Arizona* State University.

Legal challenges to the law, signed in July by Gov. Janet Napolitano, a Democrat, were filed by business and *immigrant* rights groups, asserting that the law would usurp federal authority, lead to ethnic profiling and hinge on sometimes inaccurate government records. A federal judge on Tuesday will consider a temporary restraining order blocking the law from going into effect; the judge rejected another challenge last week.

Businesses and immigration groups say they have already tallied some of the effects of the law.

Advocates for <u>immigrants</u> contend that, at a minimum, hundreds of people unauthorized to work have left the state or been fired. Some school districts have at least partly attributed enrollment drops to the law. Though the housing slump and seasonal economic factors make it difficult to pin down how much is attributable to the new law, illegal workers say employers are checking papers and are less inclined to hire them.

"They started asking everybody for papers one day, and those like me that didn't have them were fired," said Luis Baltazar, a Mexican <u>immigrant</u> who worked for a paving company until a few weeks ago and was soliciting work at a day labor hiring hall here.

Another <u>immigrant</u>, Jose Segovia, said work had plummeted in the past few weeks, more so than in the four previous Decembers he spent in Phoenix. "Some of my friends went back to Mexico," Mr. Segovia said, "and I am thinking of going, too, if it doesn't get better here."

Michael Francis, who grows several crops near here, said that he requested and kept documentation that his 150 employees were eligible to work, but that some had left and he was having difficulty filling the jobs. "The people from the office buildings in Phoenix are not going to swarm the countryside to clip onions," Mr. Francis said. "There are just not a lot of people knocking on the door to do this kind of work."

Groups representing the state's 150,000 licensed businesses say the wording of the law is vague and has led to confusion <u>over</u> whether it applies to all employees or only those hired after Jan. 1. The bill's sponsor, Representative Russell Pearce, Republican of Mesa, told The Associated Press on Thursday that the law applied to all employees, not just new hires.

As a result of the confusion, employers have scrambled to compile and check paperwork, and a cottage industry of law forums and consulting is emerging.

"The legal costs of being investigated and prosecuted based on claims with little or no merit could be substantial," said Glenn Hamer, the president of the state Chamber of Commerce, one of the groups suing to block the law. "This could lead to fishing expeditions and will burden county attorneys from other priorities like investigating murder, rape, child molestation."

Arizona's law stands out.

The law calls for suspending a business license for at least 10 days on the first offense and revoking it for a second one, effectively shutting down the business. Several states call for pulling a business license after the federal government has determined that an employer hired illegal workers, but <u>Arizona</u>'s law empowers the state to act alone.

Although it is already a federal offense to hire illegal workers, the law's authors contend that more illegal workers will be found because it requires the state's 15 county attorneys to investigate any complaint they deem not frivolous.

"That's the problem," said Julie A. Pace, a lawyer representing business and advocate groups opposed to the law. "This is the federal government's authority, not the state's."

But backers of the law say the state's power to grant business licenses includes the authority to set the criteria for them.

The county attorneys have not taken a position on the law as a group, but they have worked toward developing a uniform process to file and weigh complaints.

Ms. Napolitano called the law flawed, but signed it anyway, saying it was better than risking a possible ballot measure that could be "even more draconian" and difficult to overturn. "It was left up to <u>Arizona</u> because the federal government has failed to act," she said.

Ms. Napolitano signed the legislation a few days after a Congressional effort to revamp immigration laws failed, with one of its key sponsors, Senator John McCain, Republican of <u>Arizona</u>, a presidential candidate, predicting a confusing hodgepodge of state laws. Mr. McCain's campaign did not respond to a request for comment on the state law Thursday night.

Jim Weiers, a Republican and the speaker of the <u>Arizona</u> House, said an ad hoc group was preparing recommendations on what if any changes to make to the law. But Mr. Weiers stood by it, suggesting that if the anecdotal reports of its early impact were true, so much the better.

"If all this is happening then the law, before it has taken effect, is working," he said. "The whole idea was to make sure we are not going to be a place people come to illegally to start a better life."

Some businesses contend that the difficulties of verifying legal employment have been exaggerated and that the law will eventually improve competition in the marketplace if cheap, foreign labor is cut.

"We are out competing against businesses using illegal labor and not registered as contractors," said Gary Hudder, an asphalt paving contractor who is president of the Yavapai County Contractors Association in Prescott, which, in contrast to the state contractors association, supports the law. "This will level the playing field," Mr. Hudder said.

Still, economists say the law could damage the economy.

"If you take 12 percent of the work force away, that is going to be a problem," said Dawn McLaren, an economist at <u>Arizona</u> State University, adding that people not currently working could never make up the difference. "The largest group to join the work force was during World War II, and that was a big motivator. I don't think patriotism is going to drive this one."

Some business owners said they worried that they would unfairly be singled out by disgruntled employees or people who assume many Spanish-speaking workers are illegal.

"We have had U.S. citizens give us false documents because law enforcement was against them for whatever reason," said Saul Perez, who manages a construction company here. "This is not necessarily going to catch as many undocumented workers as people believe."

All of the state's businesses will be required to use the Department of Homeland Security's E-Verify system, a pilot program that electronically checks Social Security and other records to confirm legal employment status. An outside auditor for the department warned this year that naturalized citizens were more likely to be incorrectly flagged as unauthorized to work than American-born workers, but a department spokeswoman said that the overall error rate was "extremely low" and that improvements were continuing.

Illinois, which had adopted a law barring use of E-Verify <u>over</u> accuracy concerns, agreed Thursday not to enforce it until a lawsuit filed by the Homeland Security Department was resolved. The state said it would consider amending the law to address the federal government's concerns.

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Graphic

PHOTOS: Day laborers looking for work in Phoenix on Wednesday. Some say a law that takes effect Jan. 1 has made jobs *harder* to find

People "are not going to swarm the countryside to clip onions," says Michael Francis, who is struggling to fill jobs in his fields. (PHOTOGRAPHS BY LAURA SEGALL/THE NEW YORK TIMES)

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