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Are Sanctuary Jurisdictions a Credit Risk?

Summary

In this week's episode of Parsing Immigration Policy, guest host Jessica Vaughan, the Center's director of policy studies, discusses the intersection of immigration policy and municipal finance with Ed Grebeck, a veteran credit market risk expert. About one-third of all municipal bonds issued in 2024 and outstanding through 2024 are from sanctuary jurisdictions, concentrated in large cities and states, such as California, New York, and Massachusetts.

Vaughan and Grebeck explore the fiscal implications of sanctuary policies and the need for comprehensive risk assessment in municipal finance. The absence of truly objective bond ratings or comprehensive risk assessments for sanctuary jurisdictions may place investors, particularly individual investors, who own a significant share of this market, at a disadvantage. Sanctuary policies can impose significant burdens on taxpayers, potentially affecting a municipality's fiscal health and its ability to meet financial obligations. Key discussion points include:

- Why are credit ratings important?
- Do sanctuary policies compromise a city's creditworthiness?
- Why might credit rating agencies overlook political risks associated with sanctuary jurisdictions?
- How does the influx of illegal immigrants strain public resources and affect taxpayers?
- Would legislative measures, like Rep. Nancy Mace's "No Tax Breaks for Sanctuary Cities Act", address these concerns?

In the closing commentary, Vaughan presents the findings from her most recent report on sanctuary jurisdictions, identifying the states and localities that have the most egregious non-cooperation policies leading to the release of tens of thousands of criminal aliens.

Listen to podcast.

Center for Immigration Studies

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By Jessica M. Vaughan and Ed Grebeck on May 8, 2025