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Estimating the Economic Boost of Marriage for Same-Sex Couples in Utah

By E.G. Fitzgerald, Christy Mallory and M.V. Lee Badgett

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Executive Summary

If marriage is extended to same-sex couples in Utah, the state would see an economic boost as same-sex couples plan their weddings and as their out-of-state guests purchase goods and services in the state. This study estimates the impact on the state's economy and on state and local sales tax revenue.

- We predict that **1,955 in-state same-sex couples would choose to marry in the three years** following an opening of marriage to same-sex couples in Utah.
- The total spending on wedding arrangements and tourism by resident same-sex couples and their guests would add an estimated **$15.5 million to the state and local economy** of Utah over the course of three years, with a **$9.9 million boost in the first year alone**.
- This economic boost would likely **add $1 million in sales tax revenue** to state and local coffers.
- Spending related to same-sex couples' wedding ceremonies and celebrations would support **268 full- and part-time jobs** in the state

SPENDING	Total
# of Marriages by Same-Sex Couples	**1,955**
Wedding Spending	**$12,084,674**
Out-of-Town Guest Spending	**$3,439,920**
TOTAL COMBINED SPENDING	**$15,524,594**

Introduction

As of April 2014, 17 states, the District of Columbia, and the federal government formally recognized marriages between same-sex partners. Additionally, federal district courts in several states, including Utah, have held, or suggested, that withholding state-granted marriages to same-sex couples is unconstitutional.[1] In this study, we estimate the effect of marriage for same-sex couples on Utah's economy over the next three years if the state were to recognize those marriages.

Our analyses are informed by the methodology that we've used in previous studies of the economic impact of marriage for same-sex couples in a number of other states.[2] We utilized state-level data, as well as other relevant data sources, including Census 2010 and the American Community Survey, to estimate the impact of extending marriage to same-sex couples in Utah.

All of the findings from previous studies suggest that extending marriage rights to same-sex couples produces a positive impact on states' economies. Similar conclusions have been reached by legislative offices in Connecticut[3] and Vermont[4], as well as by the Comptroller General of New York.[5] The Congressional Budget Office has concluded that if all fifty states, in addition to the federal government, extended the rights and obligations of marriage to same-sex couples, the federal government would benefit by nearly $1 billion each year.[6] Throughout this report, we rely on conservative estimates to assess the economic impact of extending the right to marry to same-sex couples. In other words, all assumptions are cautious and, given the range of possibilities, likely produce revenue impacts on the lower bound. Even so, we find that extending marriage to same-sex couples in Utah will have a positive impact on the state's economy.

In-State Couples

To determine the potential impact of marriage for same-sex couples in Utah, we estimate the number of same-sex couples that will marry within the first three years. According to the most recent Census in 2010, there are currently 3,909 same-sex couples living in Utah.[7] We draw upon the experience of other states that have permitted marriage between individuals of the same sex to estimate the number of same-sex couples who might marry in Utah. In Massachusetts, just over half of same-sex couples married during the initial three year period.[8] This finding has been confirmed in several other jurisdictions that have more recently extended marriage to same-sex couples.[9,10] Based on these data, we predict that, if allowed to do so, 50% of Utah's 3,909 same-sex couples, or 1,955 couples, would marry in the first three years (Table 1).[11]

Wedding Spending

If Utah grants same-sex couples the right to marry, we predict that the state will see a surge in spending on weddings by same-sex resident couples and their out-of-state guests. Our analysis predicts that allowing same-sex couples to marry would generate $15.5 million through direct wedding spending and wedding-related tourism in the first three years that marriage is available to same-sex couples. We estimate that wedding spending generated by marriages of

same-sex couples would support 268 new jobs in Utah's tourism and hospitality sector in the first three years.

Direct Wedding Spending

Following the legalization of marriage for same-sex couples, Massachusetts experienced a rise in spending associated with wedding planning, such as increased demand for catering services and hotel rooms.[12] More recently, New York,[13] Connecticut[14] and Washington[15] have also reported a rise in wedding spending after marriage rights were extended to same-sex couples. We expect that Utah would experience the same economic boost.

According to *The Wedding Report,* average spending on weddings in Utah in 2012 was $24,732.[16] Same-sex couples may receive less financial support from their parents and other family members to cover wedding costs due to persistent stigma, resulting in less spending than their heterosexual counterparts. Taking these factors into account, as in previous studies by the Williams Institute, we estimate here that same-sex couples spend one-quarter of the amount that different-sex couples spend on wedding arrangements.[17, 18] Accordingly, we assume that same-sex couples will spend an average of $6,138 per wedding in Utah. Using this estimate, we expect resident same-sex couples to generate $12.1 million in direct wedding spending over the introductory three year period.

Out-of-State Guests

In 2008, a report based on *The Health and Marriage Equality in Massachusetts Survey* indicated that in Massachusetts, weddings of same-sex couples included an average of 16 out-of-state guests.[19] In order to estimate out-of-state guest spending, we utilize the per diem allowance for food and lodging by state as set forth by the U.S. General Services Administration (GSA).[20] The GSA's per diem allowance rates are used by federal government agencies to reimburse their employees' business-related travel expenses.[21] We determine the overall state per diem, $110.00, by averaging hotel and food allowance by county and calculating a weighted average by each county's adult population. We assume that each of these guests will spend the average GSA per diem rate for meals for a one day visit. We further assume that guests will share a room and stay for one night. Based on these assumptions, 31,272 out-of-state guests will spend an estimated $3.4 million attending weddings of same-sex couples in Utah during the first three years after legalization (Table 1).

Job Creation

In 2012, Utah generated $7.4 billion in tourism spending, which supported 127,781 jobs in the tourism and hospitality sector.[22] Based on

these figures, we calculated that for every $57,951 in spending revenue in Utah, one additional job is created. Taking into account our estimated amount of increased spending, we can deduce that new spending generated by weddings of same-sex couples would create an additional 268 jobs for Utah residents.

Sales Tax Revenue

State and local governments will directly benefit from this increase in spending through the state sales tax and a range of local sales taxes. The average sales tax rate in Utah is 6.68%.[23] The state imposes a sales tax of 5.95%, while the local governments tax at an average rate of 0.73%.[24] The combined wedding-related spending of same-sex couples and their out-of-state guests is estimated to be $15.5 million, as indicated in Table 1. Using these figures, we estimate that the overall spending boost will generate $1.0 million in sales tax revenue in the first three years same-sex couples are permitted to marry.

Impact of Existing Marriages

Currently, the data do not show exactly how many Utah couples have already married in other jurisdictions. Therefore, we do not exclude these marriages from our analysis. However, our analysis does not include same-sex couples who are likely to travel to Utah to marry during the next three years. Data from other states show that many couples living in states that do not recognize their marriages will travel to other states to marry. For example, the most recent data released from Washington State reveals that out-of-state same-sex couples accounted for 17% of marriage of same-sex couples performed in the first year.[25] A significant number of couples travelled from as far as Texas (170 couples) and California (155 couples).[26] Same-sex couples may be even more likely to marry out of state now than in the past because, as a result of the U.S. Supreme Court's 2013 decision striking down Section 2 of the Defense of Marriage Act, the federal government now recognizes marriages validly performed in any jurisdiction for purposes of many federal rights and benefits.[27]

Utah is likely to experience a large number of couples traveling from its bordering states because only one of these states, New Mexico,[28] currently offers marriage to same-sex couples. Data from other states show that many couples travel to nearby states to marry. For example, in Iowa approximately one-third of the same-sex couples who married in the first year came from five states directly bordering Iowa.[29] Thus, while we do not exclude from our analysis an estimate of Utah couples who may have already married in other states, that number is most likely offset, if not exceeded, by the number of out-of-state couples who will travel to Utah to marry, whom we also exclude.

Conclusion

In this study, we have drawn on information regarding marriage spending by same-sex couples in other states, along with wedding expenditure and tourism data from the state of Utah, to estimate the economic boost if the state extends the right to marry to same-sex couples. Our calculations indicate that the total spending on wedding arrangements and tourism by same-sex couples and their guests would be approximately $15.5 million over three years, with about $9.9 million in the first year alone. We estimate that total economic boost over three years would generate about $1 million in tax revenue for the state and various localities.

It is important to note that also allowing out-of-state same-sex couples the opportunity to wed will likely result in further economic gains for Utah businesses. This impact would then translate into additional increased tax revenue for the state and local budgets.

Finally, we note that sales taxes only capture the most direct tax effects of increased tourism and wedding expenditures. Businesses and individuals also pay taxes on the new earnings generated by wedding spending, providing a further boost to the state budget.

Table 1. Utah Wedding Spending and Tourism Figures by Resident Same-Sex Couples and their Guests

SPENDING	Year 1	Year 2	Year 3	Total
# of Marriages by Same-Sex Couples	1,251	410	293	**1,955**
Wedding Spending	$ 7,734,191	$2,537,782	$ 1,812,701	**$12,084,674**
Out-of-Town Wedding Guests	20,014	6,567	4,691	**31,272**
Out-of-Town Guest Spending	$2,201,549	$722,383	$515,988	**$3,439,920**
TOTAL COMBINED SPENDING	**$9,935,740**	**$3,260,165**	**$2,328,689**	**$15,524,594**

Table 2. Tax Revenue by Type of Tax

TAX REVENUE	State Sales Tax (5.95%)	Various Local Sales Taxes (0.73%)[30]	Total
TAX REVENUE	$923,713	$113,330	**$1,037,043**

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Endnotes

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[4] Vermont Civil Union Review Commission, (2002). *Report of the Vermont Civil Union Review Commission.* (Montpellier, VT: Office of the Legislative Council).
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[11] Not all couples who will marry in the first three years will do so within the first year they are permitted. Using data from Massachusetts (see *supra* note 26), we can predict the timing of nuptials over three years; 64% married in the first year, 21% married in the second year, and 15% married in the third year.
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[24] Ibid.
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[26] Ibid.
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[28] Griego v. Oliver, No. 34,306 (N.M. Dec. 19, 2013).
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