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



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Executive Summary

If marriage is extended to same-sex couples in Indiana, 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 sales tax revenue.

- We predict that **5,537 in-state same-sex couples would choose to marry in the three years** following an opening of marriage to same-sex couples in Indiana.
- The total spending on wedding arrangements and tourism by resident same-sex couples and their guests would add an estimated **\$39.1 million to the state and local economy** of Indiana over the course of three years, with a **\$25 million boost in the first year alone**.
- This economic boost would **add \$2.7 million in sales tax revenue** to the state coffers.
- Spending related to same-sex couples' wedding ceremonies and celebrations would generate **564 full- and part-time jobs** in the state.

SPENDING	Total
# of Marriages by Same-Sex Couples	5,537
Wedding Spending	\$30,877,081
Out-of-Town Guest Spending	\$8,239,056
TOTAL COMBINED SPENDING	\$39,116,137

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 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 Indiana'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 Indiana.

All of the findings from previous studies suggest that extending marriage rights to same-sex couples produces a positive impact on states' budgets and economies. Similar conclusions have been reached by legislative offices in Connecticut³ and Vermont⁴, 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

Indiana 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 Indiana, 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 11,074 same-sex couples living in Indiana.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 Indiana. 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 allowed same-sex couples to marry.^{9,10} Accordingly, we predict that 50% of Indiana's 11,074 same-sex couples, or 5,537 couples, would marry in the first three years (Table 1).¹¹

Wedding Spending

If Indiana 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 \$39.1 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 generate 564 full- and part-time jobs 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 Connecticut¹⁴ and Washington¹⁵ have also reported a rise in wedding spending after marriage rights were extended to same-sex couples. We expect that Indiana would experience the same economic boost.

According to *The Wedding Report*, average spending on weddings in Indiana in 2012 was \$22,306.¹⁶ 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 \$5,577 per wedding in Indiana. Using

this estimate, we expect resident same-sex couples to generate \$30.9 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, \$93.00, 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, 88,592 out-of-state guests will spend an estimated \$8.2 million attending weddings of same-sex couples in Indiana during the first three years after legalization (Table 1).

Job Creation

In 2012, Indiana generated \$9.7 billion in tourism spending, which supported 139,900 jobs in the tourism and hospitality sector.²² We calculated that for every \$69,335 in tourist spending revenue, an additional job is added to the economy. 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 564 jobs for Indiana residents.

Sales Tax Revenue

The state government will directly benefit from this increase in spending through the state sales tax and a range of local sales taxes. The state of Indiana imposes a 7.0% general sales or use tax on consumers.²³ The combined wedding-related spending of same-sex couples and their out-of-state guests is estimated to be \$8.2 million, as indicated in Table 1. Using these figures, we estimate that the overall spending boost will generate \$2.7 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 Indiana couples have already married in other jurisdictions. Therefore, we do not exclude these marriages from our analysis.

However, we also do not include in our analysis same-sex couples who are likely to travel to Indiana to marry during the next three years. For example, the most recent data released from Washington State reveals that out-of-state same-sex couples accounted for 17% of marriages of same-sex couples performed in the first year.²⁴ A significant number of couples travelled from as far as Texas (170 couples) and California (155 couples).²⁵

Indiana is likely to experience a number of couples traveling from its bordering states because three of those states, Ohio, Kentucky, and Michigan, do not currently allow same-sex couples to marry.²⁶ 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.²⁷ Thus, while we do not exclude from our analysis an estimate of Indiana 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 Indiana 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 Indiana, 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 \$39.1 million over three years, with about \$25 million in the first year alone. We estimate that total economic boost over three years would generate about \$2.7 million in tax revenue for the state.

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 Indiana 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. Indiana 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	3,544	1,163	831	5,537
Wedding Spending	\$19,761,332	\$6,484,187	\$4,631,562	\$30,877,081
Out-of-Town Wedding Guests	56,699	18,604	13,289	88,592
Out-of-Town Guest Spending	\$5,272,996	\$1,730,202	\$1,235,858	\$8,239,056
TOTAL COMBINED SPENDING	\$25,034,328	\$8,214,389	\$5,867,420	\$39,116,137

Table 2. Tax Revenue from Wedding Spending

TAX REVENUE	Year 1	Year 2	Year 3	Total
TOTAL STATE SALES TAX REVENUE	\$1,752,403	\$575,007	\$410,719	\$2,738,129

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Endnotes

- ¹ Deboer v. Snyder, No. 12-CV-10285 (E.D. Mich. Mar. 21, 2014); Tanco v. Haslam, No. 3:13-cv-01159; De Leon v. Perry, No. SA-13-CA-00982-OLG (W.D. Tex. Feb. 26, 2014); Bourke v. Beshear, No. 3:13-CV-750-H (W.D. Ky. Feb. 21, 2014); Bostic v. Shaefer, No. 2:13-cv-395 (E.D. Va. Feb. 14, 2014); Bishop v. U.S., No. 04-CV-848-TCK-TLW (N.D. Okla. Jan. 14, 2014); Kitchen v. Herbert, No. 2:13-cv-217 (D. Utah Dec. 20, 2013); Langhorne, Thomas. (2014). "[Federal Judge Sides with Same-Sex Couple Seeking Emergency Marriage Recognition in Indiana.](#)" *Courier-Press* (Evansville), Apr. 10.
- ² Reports available on the Williams Institute's web site under [Economic Impact Reports, by state.](#)
- ³ Office of Legislative Research. (2002). [Office of Fiscal Analysis Report on HB 5001.](#) (Hartford, CT: Connecticut's General Assembly).
- ⁴ Vermont Civil Union Review Commission, (2002). [Report of the Vermont Civil Union Review Commission.](#) (Montpellier, VT: Office of the Legislative Council).
- ⁵ Hevesi, Alan G.,(2004). [Testimony of New York State Comptroller, Alan G. Hevesi, to New York City Council in Support of the Right to Civil Marriage for Same-Sex Couples in New York State.](#) March 3. (New York: Office of the New York State Comptroller).
- ⁶ Holtz-Eakin, Douglas,(2004). "[The Potential Budgetary Impact of Recognizing Same-Sex Marriages.](#)" Letter to the Chairman of the House Subcommittee on the Constitution, June 21.
- ⁷ Gates, Gary J. & Abigail M. Cooke, (2010). "[Indiana Census Snapshot: 2010](#)" (Los Angeles: The Williams Institute.)
- ⁸ This calculation is based upon collected data revealing that 9,931 same-sex couples married in Massachusetts within the first three years after same-sex couples were allowed to marry. To estimate the total number of same-sex couples residing in Massachusetts in 2004 we utilized American Community Survey data and determined that there were approximately 19,550 resident same-sex couples at that time. This suggests that approximately 51% of couples married over three years.
- ⁹ Badgett, M.V. Lee & Jody L. Herman, (2011) [Patterns of Relationship Recognition by Same-Sex Couples in the United States.](#) (Los Angeles: The Williams Institute).
- ¹⁰ Washington State Department of Health, (2013). [Washington same sex couples: follow-up data report released.](#) (press release), Dec. 5.
- 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.
- ¹² Belkin, Douglas. 2004. "Wedding Bell Bonanza: Tourism, Marriage Industry Foresee Boom in Same-Sex Nuptials," *Boston Globe*, Feb. 26.
- ¹³ Gammage, Jeff. (2013). "[Another Reason Backers Say Pa. Should Legalize Gay Marriage: \\$\\$\\$.](#)" *Philly.com*. July 16.
- ¹⁴ Buck, Rinker. (2010). "[Same-Sex Marriage Law An Economic Boon For State: Couples Coming From Other States Boosting Hospitality Industry.](#)" *The Courant*. Oct. 10.
- ¹⁵ Lerner, Sara. (2013). "[Same-Sex Marriage Anniversary An Economic Boost For Washington.](#)" *KUOW.ORG*. Dec. 10.
- ¹⁶ The Wedding Report, (2012). [2012 Wedding Statistics Summary for Indiana](#)
- ¹⁷ Badgett, M.V. Lee & Gary J. Gates, (2006). "[The Effect of Marriage Equality and Domestic Partnership on Business and the Economy.](#)" (Los Angeles: The Williams Institute). As well as, Goldberg, Naomi G., Steinberger, Michael D., & M.V. Lee Badgett, (2009). "[The Business Boost from Marriage Equality: Evidence from the Health and Marriage Equality in Massachusetts Survey.](#)" (The Williams Institute, 2009).

¹⁸ Community Marketing & Insights with the Gay Wedding Institute, (2013). [“Same-Sex Couples: Weddings and Engagements.”](#) (San Francisco: Community Marketing & Insights with the Gay Wedding Institute).

¹⁹ Goldberg, Steinberger, and Badgett, *The Business Boost from Marriage Equality*.

²⁰ U.S. General Services Administration, (2014). [“Per Diem Rates Look-up by State.”](#)

²¹ The per diem lodging rates are based on Average Daily Rate data from lodging properties that meet the GSA’s criteria. The per diem meal rates are based on data received from restaurants. More information about the GSA’s per diem rates is available at <http://www.gsa.gov/portal/content/104208#4>.

²² Association of Indiana Convention & Visitors Bureau, (2012). [Indiana Tourism Facts: 2012](#). Economic impact of tourism analysis was conducted by Rockport Analytics and Reach Market Planning. During 2012, Indiana hosted the Super Bowl and the above cited figure of \$9.7 billion does not include spending generated by that event.

²³ Scott Drenkard, [“State and Local Sales Tax Rates: Midyear 2013.”](#) (Washington: The Tax Foundation, August 28, 2013).

²⁴ Washington State Dept. of Health, *Washington same-sex couples*.

²⁵ Ibid.

²⁶ Federal judges in Kentucky and Michigan have ruled the states’ bans on marriage between same-sex couples unconstitutional in February and March, 2014, respectively. The decisions have been stayed pending appeal, however, so same-sex couples are not currently permitted to marry in either state. Wolfson, Andrew. 2014. “Judge Keeps Stay in Place on Ky. Gay Marriage Ruling,” *Courier-Journal (Louisville, Ky.)*, Mar. 19.; Spangler, Todd. 2014. “Feds Recognizing Mich. Gay Marriages though State Won’t,” *Detroit Free Press*, Mar. 28.

²⁷ Badgett, M.V. Lee & Jody L. Herman, (2011) [Patterns of Relationship Recognition by Same-Sex Couples in the United States](#). (Los Angeles: The Williams Institute).