

Estimating the Economic Boost of Marriage Equality in Illinois



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Executive Summary

- We predict that **allowing same-sex couples to marry in Illinois would generate \$54-103 million** in new spending in the state over the first three years that marriage is allowed.
- We estimate that as many as **11,525 same-sex couples who live in Illinois would choose to marry in the three years** following an opening of marriage to same-sex couples in that state.
- The total spending on wedding arrangements and tourism by 11,525 same-sex couples and their guests would add an estimated **\$103 million boost to the state and local economy** of Illinois over the course of three years, with a **\$66 million boost in the first year alone**.
- This economic boost would be likely to **add \$8.5 million in tax revenue** to state and local coffers, with an estimated **\$5.4 million occurring in the first year**.
- Conservatively, if many same-sex couples have already married, or if all of the estimated 5,400 existing Illinois resident same-sex couples who are in civil unions were to marry or convert their civil union into a marriage without holding a celebration, the estimated rise in wedding spending and tourism would be lower, or approximately \$54 million over the first three years. This modified increase in spending would translate to \$4.5 million in tax revenue.
- This report does not include spending estimates for out-of-state same-sex couples, many of whom might travel to Illinois in order to marry, spending additional funds on wedding planning and tourism during their brief stay.

Introduction

If Illinois grants same-sex couples the right to marry, we predict that the State will see a surge in spending related to weddings by same-sex couples who currently reside in Illinois, as well as an increase in tourism spending by guests

from other states. This increase in spending would benefit wedding and tourism-related businesses in Illinois and would generate additional tax revenue for state and local coffers.

In this report, we estimate the impact of marriage equality on businesses in Illinois and on state sales tax revenues for the first three years that same-sex couples are allowed to marry. The figures in this report are based on the best available data from several sources. We draw upon data indicating average wedding expenditures in Illinois and tourism reports from 2011, U.S. Census 2010 data on same-sex couples, and data regarding marriage expenses by same-sex couples in other states.

Based on the analysis set forth in detail below, we predict that in the first three years same-sex couples are permitted to marry in Illinois, the state's wedding and tourism-related businesses would see spending rise by \$103 million. As a result, state and local tax revenues would rise by \$8.5 million. In an alternative set of calculations that makes the very conservative assumption of no new spending by couples currently in civil unions, the state would instead experience an increase in spending of \$54 million and a tax boost of \$4.5 million. The two estimates provide a range that also captures the likelihood that some same-sex couples in Illinois have already married in another state.

In-State Couples

In order to assess the economic impact of opening marriage to same-sex couples in Illinois, we must first calculate the number of same-sex couples who would marry. According

to U.S. Census 2010, Illinois has 23,049 resident same-sex couples.¹ 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 elect to enter a marriage in Illinois. In Massachusetts, a little more than 50% of same-sex couples married during that initial three-year period.² This prediction conforms to detailed data regarding rates at which same-sex couples have married in several other jurisdictions that have recently allowed them to do so.³

Based on the experience of Massachusetts, we predict that half of the same-sex couples of Illinois would marry in the first three years. As a result, we estimate that a total of 11,525 same-sex couples would marry in the first three years following the opening of marriage to same-sex couples in the State of Illinois.

Note that not all of these couples will marry within the first year that they are permitted to do so. We use data from Massachusetts to predict the timing of weddings throughout this report. Out of the total marriages of same-sex couples that took place in Massachusetts in the three-year period following 2004, 64% of marriages occurred in the first year, 21% in the second year, and 15% in the third year.⁴ Therefore, we predict that in Illinois, 64% of 11,525 same-sex couples would marry in the

first year (Year 1), or 7,376 couples. An additional 21% would marry in the second (Year 2), bringing the total to 85% of 11,525, or 9,796 couples. And finally, all 11,525 couples would be married by the end of the third year (Year 3).

Existing Marriages and Civil Unions

Some same-sex couples in Illinois have traveled to Iowa and, perhaps, other states to marry. We do not have enough data to predict exactly how many of the 11,525 couples who would want to marry might have already married. However, recent data suggest that the number is small--about 300 same-sex couples from Illinois had married in Massachusetts, Iowa, and Connecticut by 2010.⁵

Another source of uncertainty about the number of couples who would marry comes from the availability of civil unions. In this report, we take into account the fact that couples in existing civil unions might have different spending patterns from couples that do not have that status. As we describe below, the adjustment for civil unions is necessarily much larger than an adjustment would be for the number of marriages in other states, so the civil union adjustment gives us a range that includes the possibility of already-married couples. This adjustment procedure relies on the most recent civil union data available, and differs slightly from the procedure used in

previous calculations of the impact of opening marriage to same-sex couples in Illinois.⁶

The State of Illinois reports very little data about couples that enter civil unions. In particular, they do not report the total number of civil unions registered with the state and whether the couples are same-sex or different-sex. Therefore, we draw on detailed data from Cook County, the largest county in Illinois, to estimate how many same-sex couples have entered civil unions. According to data provided by officials in Cook County, Illinois, 2,544 Illinois resident same-sex couples entered a civil union in Cook County between June 2011 and early October 2012. We project the number through the end of 2012 by evaluating the monthly trend line in the data set. The projection suggests that, on average, 64 civil unions were entered per month by resident same-sex couples for October, November and December 2012. Next, we use the Cook County figures to estimate the total number of civil unions in the state. According to data from Equality Illinois, about half of the total number of civil union licenses obtained in Illinois were entered in Cook County.⁷ We estimate the state total by doubling the Cook County figure to get 5,472 Illinois resident same-sex couples entering a civil union in Illinois between June 1, 2011 and December 31, 2012.

The wedding and tourism spending estimates provided in our report account for the 5,472 existing same-sex couples in civil unions by calculating a range of spending figures which include low-end and high-end estimates.

For our low-end estimate of spending, we conservatively assume that each couple currently in a civil union would marry or convert their union into a marriage without significant spending on a wedding ceremony and celebration. We subtract these couples from each of our three-year marriage estimates, applying the same percentages from the previous section. Thus, the total number of marriages by same-sex couples will drop to 6,053, with 3,874 performed in the first year (Year 1), 1,271 in the second year (Year 2) and 908 in the third year (Year 3).

For our high-end estimate, we assume that all couples currently in a civil union would marry with a ceremony and celebration, spending the same amount as other couples. Thus, this estimate will include all 11,525 same-sex couples in the calculations for total wedding spending and guest tourism figures.

Throughout our report, the low-end estimates are given in parentheses following the figures calculated for the high-end estimates.

Wedding Spending

According to *The Wedding Report*, the average spending on weddings in Illinois in 2011 was \$25,887.⁸ Due to societal discrimination, same-sex couples may receive less financial support from their parents and other family members to cover wedding costs, resulting in overall reduced spending. Also, only spending that comes from couples' savings would truly be "new spending" for the State's businesses, rather than money diverted from some other expenditure. To take 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.⁹ Accordingly, we assume that same-sex couples will have spent just over \$6,472 per wedding. Using this figure, the calculated total for the estimated 11,525 (low end estimate of 6,053) resident couples sums to \$75 million (low end estimate of \$39 million) in additional wedding spending for the first three years.

Out-of-Town Guests

In 2008, a report based on the Health and Marriage Equality in Massachusetts Survey indicated that in Massachusetts, same-sex weddings included an average of 16 out-of-town guests.¹⁰ An Illinois Tourism Economic Impact document lists average per diem expenditures for visitors to the state as \$106

per guest.¹¹ This figure includes transportation, food, shopping and entertainment. According to the American Hotel & Lodging Association, average lodging prices in Illinois were \$49 per person in 2011, increasing per diem expenditures to \$155 for one overnight visitor.

We assume that same-sex couples who are residents of Illinois will have a similar count of 16 out-of-town guests at their ceremonies as indicated in the Massachusetts survey and that each of these guests will spend the average amount spent by Illinois tourists for a one day visit, \$155. The total estimate for out-of-town guests for weddings of resident same-sex couples is calculated to be 184,400 (low end 96,848) people, leading to additional tourism expenditures of \$28.6 million (low end \$15 million).

Revenue: Sales Tax

State and local governments will directly benefit from this increase in spending through the state sales tax and a range of local sales taxes. As indicated in Table 1, we estimate that same-sex couples' weddings would result in approximately \$103 million (low end \$54 million) in additional spending on weddings and tourism in the state.

The State of Illinois imposes a tax of 6.25% on the sale of most goods and services, while localities levy additional local sales taxes.

According to the Tax Foundation, Illinois has an average combined state and local sales tax burden of 8.22%.¹² We use this average percentage as the combined state and local tax rate when calculating our figures.

By applying the various tax percentages to the categories in Table 1, we estimate that the overall spending boost will generate \$8.5 million (low end \$4.5 million) in tax revenue for state and local governments in the first three years same-sex couples may marry. The results of our calculations are displayed in Table 2.

Of the \$8.5 million (low end \$4.5 million) in tax revenue generated by opening marriage to same-sex couples in Illinois, we estimate the various local sales taxes will provide \$2 million (low end \$1 million) of tax revenue directly to local governments (Table 3).

Out-of-State Couples

The total spending estimates in our report are conservative in that we do not include the out-of-state same-sex couples that may decide to travel to Illinois to marry.

A recent Williams Institute study indicates that many same-sex couples will travel from out of state to marry if they cannot marry in their home state.¹³ This observation is supported by the experiences of states permitting marriage by same-sex couples, such as Connecticut, Vermont and Iowa.¹⁴

Illinois is situated in the Midwest, bordered by five states, of which only one, Iowa, has extended the right to marry to same-sex couples. The remaining bordering states, Missouri, Kentucky, Indiana and Wisconsin, do not allow same-sex couples to marry. As such, it is likely that when Illinois opens marriage to same-sex couples, and if it issues licenses to both in-state and out-of-state same-sex couples, the state will become one of several destinations for out-of-state same-sex couples looking for the opportunity to marry within the United States.

According to the U.S. Travel Association, the states that send the most visitors to Illinois are Indiana, Wisconsin, Michigan and Iowa.¹⁵ Indiana and Michigan offer no statewide partnership recognition to same-sex couples. According to U.S. Census 2010 data, these two states combined have a total of 25,672 same-sex couples.¹⁶ Although Wisconsin does offer limited domestic partnership status to same-sex couples, a recent Williams Institute report based on government-provided data has shown that same-sex couples prefer marriage over other forms of partnership recognition, even when the other statuses extend most or all of the rights of marriage under state law.¹⁷ When accounting for the couples in Wisconsin, the total number of same-sex couples within three of the states that send the most visitors to Illinois is 34,851. A sizable impact may occur if

even a small percentage of these 34,851 same-sex couples decide to travel to Illinois to marry.

Further Impacts

The economic impact of travel and tourism by same-sex couples seeking to marry in Illinois is more far reaching than just the effects on state and local sales tax receipts. For example, tourism expenditures are often directly related to employment opportunities in the travel industry. According to Illinois Tourism data, for every \$101,867 spent by travelers in Illinois, one job is generated. If we use our guest tourism expenditure estimates, we conclude that extending the right to marry to same-sex couples can generate approximately 281 jobs (low end 147 jobs) in the travel industry in Illinois within the first three years.¹⁸

Conclusion

In this study, we have drawn on information regarding marriage spending by same-sex couples in other states, along with Illinois wedding expenditure and tourism data, to estimate an economic boost of \$54-103 million if Illinois 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 as much as \$66 million (low end \$35 million) in the first year alone. We estimate that this economic boost in the first year would generate as much as \$5.4 million (low end \$2.9

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 is likely to result in further economic gains for Illinois businesses, which would translate into additional increased tax revenue for the state and local budgets.

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. Illinois Wedding Spending and Tourism Figures by Resident Same-Sex Couples and their Guests

SPENDING	Year 1	Year 2	Year 3	Total (rounded)
# of Marriages by Same-Sex Couples	7,376	2,420	1,729	11,525
Wedding Spending	\$47,737,472	\$15,663,858	\$11,188,470	\$74,589,800
Out-of-Town Wedding Guests	118,016	38,720	27,664	184,400
Out-of-Town Guest Spending	\$18,292,480	\$6,001,600	\$4,287,920	\$28,582,000
TOTAL SPENDING- High End	\$66,029,952	\$21,665,458	\$15,476,390	\$103,171,800
# of possible couples in civil unions marrying without ceremony	3,502	1,149	821	5,472
Deduction for possible couples in civil unions marrying without ceremony (including wedding spending and guest spending)	-\$31,350,620	-\$10,286,302	-\$7,348,422	-\$48,985,300
TOTAL SPENDING- Low End	\$34,679,332	\$11,379,156	\$8,127,968	\$54,186,500

Table 2. Tax Revenue from Wedding Spending and Tourism by Resident Same-Sex Couples and their Guests

TAX REVENUE	Year 1	Year 2	Year 3	Total (rounded)
# of Marriages by Same-Sex Couples	7,376	2,420	1,729	11,525
Tax Revenue from Wedding Spending	\$3,924,020	\$1,287,569	\$919,692	\$6,131,282
Out-of-Town Guests	118,016	38,720	27,664	184,392
Out-of-Town Guest Tax Revenue	\$1,503,642	\$493,382	\$352,416	\$2,349,440
TOTAL TAX REVENUE- High End	\$5,427,662	\$1,780,952	\$1,272,108	\$8,480,700
# of possible couples in civil unions marrying without ceremony	3,502	1,149	821	5,472
Deduction for possible couples in civil unions marrying without ceremony (including wedding spending and guest spending)	-\$2,577,021	-\$845,585	-\$603,989	-\$4,026,600
TOTAL TAX REVENUE- Low End	\$2,850,641	\$935,367	\$668,119	\$4,454,100

Table 3. Tax Revenue by Type of Tax

TAX REVENUE	State Sales Tax (6.25%)	Various Local Sales Taxes (1.97%)	Total (8.22%)
TOTAL-High End	\$6,448,238	\$2,032,484	\$8,480,722
TOTAL- Low End	\$3,386,654	\$1,067,473	\$4,454,127

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Endnotes

¹ Gates, Gary J. & Cooke, Abigail M., *Illinois Census Snapshot: 2010* (The Williams Institute, 2011), available at http://williamsinstitute.law.ucla.edu/wp-content/uploads/Census2010Snapshot_Illinois_v2.pdf

² This calculation is based upon collected data revealing that 9,931 same-sex couples married in Massachusetts within three years of the state allowing same-sex couples to marry. We use 2008 ACS data to estimate the total number of same-sex couples in Massachusetts in 2004, or 19,550 couples. This suggests that approximately 51% of couples married over three years.

³ Badgett, M.V. Lee & Herman, Jody L. *Patterns of Relationship Recognition by Same-Sex Couples in the United States* (The Williams Institute, 2011).

Notably, some same-sex couples may have already married in other states in the U.S. or other countries, such as Canada. For our calculations, we assume that these couples would fall into the 50% of same-sex couples that would not marry in Illinois within the first three years.

⁴ Ibid.

⁵ Ibid.

⁶ Williams Institute. (2012). *Extending Marriage to Same-Sex Couples in Illinois Will Have Positive Effects For 23,049 Couples Raising 7,662 Children* [press release].

⁷ State level data provided by Equality Illinois include the number of secured civil union licenses obtained 1 month, 6 months and 12 months after Illinois allowed civil unions for same-sex couples. These data do not include gender, so we cannot separate the numbers by type of couple (same-sex or different-sex) or resident status. However, county level data provided by Cook County include date, gender, resident status, and license status. Using both data sets, we are able to estimate the total number of civil unions entered by same-sex couples in the state of Illinois from June 1, 2011 to December 31, 2012.

⁸ The Wedding Report. (2012). *Wedding Industry Report-Illinois*. Retrieved from <http://www.theweddingreport.com/>

⁹ Badgett, M.V. Lee & Gates, Gary J. *The Effect of Marriage Equality and Domestic Partnership on Business and the Economy*. (The Williams Institute, 2006), available at <http://williamsinstitute.law.ucla.edu/research/economic-impact-reports/the-effect-of-marriage-equality-and-domestic-partnership-on-business-and-the-economy/>. This estimate is also consistent with data on same-sex couples' wedding spending in Massachusetts: Goldberg, Naomi G., Steinberger, Michael D. & Badgett, M.V. Lee. *The Business Boost from Marriage Equality: Evidence from the Health and Marriage Equality in Massachusetts Survey* (The Williams Institute, 2009), available at <http://williamsinstitute.law.ucla.edu/research/economic-impact-reports/the-business-boost-from-marriage-equality-evidence-from-the-health-and-marriage-equality-in-massachusetts-survey/>

¹⁰ Goldberg, Steinberger, and Badgett, 2009, see note 9.

¹¹ U.S. Travel Association. (2010) *2010 Illinois Economic Impact of Tourism*. Retrieved from http://www.illinoistourism.org/pdfs/2010_Economic_Impact_of_Tourism.pdf

¹² Tax Foundation. (2012). State and Local General Sales Tax Rates. Retrieved from <http://taxfoundation.org/article/state-and-local-sales-taxes-midyear-2012>

¹³ Badgett, M.V. Lee & Herman, Jody L. *Patterns of Relationship Recognition by Same-Sex Couples in the United States* (The Williams Institute, 2011).

¹⁴ Kastanis, Angeliki, Badgett, M.V. Lee & Herman, Jody L., *Estimating the Economic Boost of Marriage Equality in Iowa: Sales Tax* (The Williams Institute, 2011), available at <http://williamsinstitute.law.ucla.edu/research/economic-impact-reports/estimating-the-economic-boost-of-marriage-equality-in-iowa-sales-tax/>

¹⁵ U.S. Travel Association. (2010) *2010 Illinois Economic Impact of Tourism*. Retrieved from http://www.illinoistourism.org/pdfs/2010_Economic_Impact_of_Tourism.pdf

¹⁶ Gates, Gary J. & Cooke, Abigail M., *Indiana Census Snapshot: 2010* (The Williams Institute, 2011). (See also *Michigan Census Snapshot: 2010*)

¹⁷ Badgett, M.V. Lee & Herman, Jody L., *Patterns of Relationship Recognition by Same-Sex Couples in the United States* (The Williams Institute, 2011).

¹⁸ Employment figures were generated using the estimated tourism expenditures of the total number of out-of-town guests.