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The Impact on New Hampshire's Budget of Allowing Same-Sex Couples to Marry

SAME-SEX MARRIAGE IN NEW HAMPSHIRE WILL POSITIVELY IMPACT THE STATE BUDGET BY APPROXIMATELY \$500,000 ANNUALLY.

This analysis, co-authored by the Institute for Gay and Lesbian Strategic Studies (IGLSS) and UCLA's Williams Project on Sexual Orientation Law and Public Policy, estimates the impact of allowing same-sex couples to marry on New Hampshire's state budget. Using the best data available, we estimate that allowing same-sex couples to marry will result in a net gain of approximately \$500,000 each year for the State. This net impact will be the result of savings in expenditures on state means-tested public benefits programs and an increase in meals and room tax revenues from increased wedding-related tourism.

We base our analysis for New Hampshire on the same methods that we used in previous studies on California, Connecticut, New Jersey and Vermont. The full methodology for our analysis is set out in *Putting a Price on Equality? The Impact of Same-Sex Marriage on California's Budget*.¹ In these studies, we have concluded that extending the rights and obligations of marriage to same-sex couples would have a positive impact on each state's budget. Similar conclusions have been reached by legislative offices in Connecticut and Vermont and by the Comptroller General of New York. In addition, the Congressional Budget Office has concluded that if all fifty states and 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.

We base our analysis of the fiscal impact on New Hampshire's state budget of extending marriage to same-sex couples on the following estimates:

APPROXIMATELY 1,350 OF NEW HAMPSHIRE'S SAME-SEX COUPLES WILL MARRY IN THE SHORT TERM.

According to Census 2000, New Hampshire has 2,703 same-sex couples. Based on the experience of other states that have extended the rights and obligations of marriage to same-sex couples, we predict that half of those couples – approximately 1,350 couples – would choose to marry during the first three years that New Hampshire extends marriage to them.

STATE EXPENDITURES ON MEANS-TESTED PUBLIC BENEFIT PROGRAMS WILL FALL.

Extending marriage to same-sex couples will reduce the State's public assistance

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expenditures. Spouses are obligated to provide for one another's basic needs. After marrying, a same-sex spouse's income and assets will be included in assessing an individual's eligibility for means-tested public benefits, reducing the number of people eligible for such benefits. We take into account the possibility that losing public benefits may create a disincentive for some of these couples to marry and the fact that low income couples might still qualify for benefits. Nevertheless, using Census 2000 data we estimate that legalizing same-sex marriage will save the State as much as \$400,000 per year in spending on its SSI, Medicaid, TANF, and Healthy Kids benefit programs.

STATE MEALS AND ROOM TAX REVENUES WILL RISE.

If New Hampshire permits same-sex marriage, couples from other states are likely to travel to New Hampshire to marry and celebrate their marriages. This will generate a boost to tourism that will lead to higher tax revenues, as well as higher business profit and more jobs. Recently, *Forbes* estimated that legalizing same-sex marriage would generate \$16.8 billion in new spending on the weddings of gay and lesbian couples in the United States, adding significantly to the country's annual \$70 billion wedding industry.²

Using data from the Census and the Institute for New Hampshire Studies at Plymouth State University, we estimate that the State will collect at least \$1.9 million in additional meals and room tax revenues, or over \$630,000 each year for the first three years that same-sex marriage is available.

SPENDING WILL INCREASE TO COVER BENEFITS FOR THE SAME-SEX SPOUSES OF STATE EMPLOYEES.

New Hampshire does not currently provide benefits to the same-sex partners of state employees. Thus state spending on health care and dental benefits will rise slightly when employees' same-sex spouses are included. It will cost the State approximately \$373,000 to provide benefits for those employees' same-sex spouses who are not already covered by their own employers. Including the same-sex spouses of retirees will bring the total cost to \$502,000. It is unlikely that the state will have additional retirement system costs because employees can already designate anyone as a beneficiary for retirement benefits.

STATE INTEREST AND DIVIDEND TAX REVENUES WILL FALL MINIMALLY.

Allowing same-sex couples to marry will have a minor impact on revenue collected from the State's interest and dividend taxes. Married couples can combine their exemptions when filing

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interest and dividend tax returns. Thus if same-sex couples marry, the State will experience a decrease of less than \$40,000 per year in interest and dividend tax revenues.

ADMINISTRATIVE COSTS WILL BE OFFSET BY FEES GENERATED.

If New Hampshire legalizes same-sex marriage, the State will incur a one-time cost of approximately \$2,000 to reprint marriage forms with gender-neutral language. However, the fees paid by same-sex couples for marriage licenses will offset those expenses.

NO INCREASES IN COURT SYSTEM EXPENDITURES ARE LIKELY TO RESULT.

Any increase in the demands on the family court system will be very small relative to the existing average caseload of judges and to the normal year-to-year variation in total caseloads. Thus, we estimate no increase in state court system expenditures.

PROVIDING NEW HAMPSHIRE'S FAMILIES WITH EQUAL RIGHTS IS FISCALLY RESPONSIBLE.

In conclusion, allowing same-sex couples to marry will result in savings on means-tested public benefits and a rise in tax revenue from marriage tourism, which together will outweigh spending on state employee benefits and a small loss in income and dividend tax revenue. Expanding marriage to include same-sex couples will mean a positive impact of approximately \$500,000 on New Hampshire's budget each year.

SUMMARY OF IMPACTS OF SAME-SEX MARRIAGE ON NEW HAMPSHIRE'S STATE BUDGET

	Impact on State Budget
Savings from means-tested public benefit programs	\$400,000
Increased tax revenue from tourism	\$630,000
Spending on state employees' spousal benefits	-502,000
Decrease in interest and dividend tax revenue	-\$40,000
Total	\$488,000

For further information or questions about our analysis for New Hampshire, contact williamsproject@law.ucla.edu.

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2. Aude Lagorce, The Gay Marriage Windfall: \$16.8 Billion, Forbes Online, Apr. 5, 2004, available at http://www.forbes.com/commerce/2004/04/05/cx_al_0405gaymarriage.html.