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Authors

Badgett, M.V. Lee

Nezhad, Sheila

Mallory, Christy

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Estimating the Economic Boost of Extending Marriage to Same-Sex Couples in Virginia



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M.V. Lee Badgett, Sheila Nezhad & Christy Mallory

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Executive Summary

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

- We estimate that approximately **5,487-7,122 same-sex couples 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 would generate an additional **\$46 million to \$60 million to the state and local economy** in the first three years, with **\$29.7 million to \$38.5 million generated in the first year alone**.
- This economic boost would be likely to add **\$2.5 million to \$3.2 million tax dollars** to state and local coffers.
- Extending the right to marry to same-sex couples can generate approximately **459 to 595 jobs** in Virginia within the first three years.
- This report does not include spending estimates for out-of-state same sex couples that might travel to Virginia to marry, who would spend additional funds on wedding planning and tourism during their stay

Introduction

If same-sex couples are allowed to marry in Virginia, we predict that Virginia will see a surge in spending related to weddings by same-sex couples who currently reside in the state, as well as an increase in tourism spending by guests from other states. This increase in spending would provide a boost to wedding and tourism-related businesses in Virginia and would generate additional state and local tax revenue.

In this report, we estimate the size of the economic impact on Virginia's businesses and on the state and local sales tax revenue 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 Virginia from 2012, tourism reports from 2011-2013, 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 that same-sex couples are permitted to marry in

Virginia, the state's wedding and tourism-related businesses would see spending rise by \$46 million to \$60 million. As a result, the state and local tax revenues would rise by \$2.5 million to \$3.2 million.

In-State Couples

In order to assess the economic impact of opening marriage to same-sex couples in Virginia, we must first calculate the number of same-sex couples who will marry. According to U.S. Census 2010, Virginia has 14,243 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 Virginia. 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

As a result, we predict that half of the same-sex couples of Virginia would marry in the first three years. We estimate that a total of 7,122 same-sex couples would marry in the first three years following the opening of marriage to same-sex couples in the State of Virginia.

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 and adjust our results 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. Therefore, we predict that in

Virginia 64% of 7,122 same-sex couples would marry in the first year (Year 1), or 4,558 couples. An additional 21% would marry in the second (Year 2), bringing the total to 85% of 7,122, or 6,054 couples. And finally, all 7,122 couples would be married by the end of the third year (Year 3).⁴ The upper-bound estimate assumes that all of the 7,122 couples will marry.

Existing Marriages

Currently, there is no state-level relationship recognition in Virginia. However, we assume that some of Virginia's same-sex couples have traveled to Washington, D.C. to marry given the proximity to the District. There were approximately 8,700 marriages of same-sex couples in the District of Columbia from 2010-2012.⁵ The District of Columbia is home to 4,822 same-sex couples, half of whom, or 2,411, likely married during that time. In addition, same-sex couples in other nearby states that did not allow same-sex couples to marry likely traveled to the District to marry. Among the five closest such states to the District (Virginia, Maryland, West Virginia, Delaware, and Pennsylvania), Virginia is home to 26% of same-sex couples from those states. If 26% of the estimated 6,289 other couples marrying in D.C. were from Virginia (8700 minus 2411), then 1,635 same-sex couples in Virginia might have already married. Subtracting 1,635 from the 7,122 expected to marry (the upper bound) leaves 5,487 for the lower-bound estimate of same-sex couples who will marry. Even if another 1,635 Virginia same-sex couples have already married in another state than the District of Columbia, the order of magnitude of lost business and spending and taxes is still the same: tens of millions of dollars in spending and more than \$1 million in tax revenue.

Economic Impact of Wedding Spending

Direct Wedding Spending

According to *The Wedding Report* the average spending on weddings in Virginia in 2012 was \$28,176. 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 predict conservatively that same-sex couples spend one-quarter of the amount that different-sex couples spend on wedding arrangements.⁶ Accordingly, we assume that same-sex couples will have spent just over \$7,044 per wedding. This assumption is consistent with the experience in Massachusetts, in which the average wedding spending by same-sex couples was approximately \$7,400 per wedding.⁷ Based on these estimates, the range of new spending would be approximately \$39 million (for 5,487 weddings) to \$50 million (for 7,122 weddings).

Out-of-Town Guests

In 2008, a report based on the Health and Marriage Equality in Massachusetts Survey indicated that Massachusetts same-sex weddings included an average of 16 out-of-state guests.⁸ If same-sex couples in Virginia were to do the same and their guests only spent one day in Virginia for the wedding, standard per diem rates used by the U.S. General Services Administration suggest that each of

those guests would spend a total of \$88 on food, lodging, and other expenses.⁹

We assume that same-sex couples in Virginia 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 of \$88 spent by the average Virginia tourist. The total estimate for out-of-town guests for weddings of resident same-sex couples is calculated to be 87,792 people (for 5,487 weddings) to 113,944 (for 7,122 weddings), leading to additional tourism expenditures of approximately \$7.7 to \$10 million.

Revenue: Sales Tax

State and local governments will directly benefit from this increase in spending through the state sales tax and various local sales taxes. As indicated in Table 1, we estimate that a decision by Virginia to allow same-sex couples to marry would result in approximately \$46 million to \$60 million in additional spending on weddings and tourism in the state.

The additional spending by Virginia couples and out-of-state guests would generate \$2.5 million to \$3.2 million in state and local sales tax revenue, given the state's sale tax rates.¹⁰

Out-of-State Couples

The total spending estimates in this report are conservative and do not account for out-of-state same-sex couples who would travel to Virginia 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.¹¹ This observation is supported by the experiences of states permitting marriage by same-sex couples, such as Connecticut, Vermont and Iowa.¹²

Virginia is located in the South Atlantic region of the United States, bordered on the north and east by Maryland and Washington, D.C., which both allow same-sex couples to marry. However, Virginia is bordered by West Virginia and Kentucky on the west and Tennessee and North Carolina to the south, which are states that do not allow same-sex couples to marry. It is likely that if Virginia extends marriage to same-sex couples, and issues licenses to both in-state and out-of-state 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 a Virginia tourism report, the five states that send the most visitors to Virginia are North Carolina, Pennsylvania, Maryland, Florida, and New York.¹³ Three of these states—North Carolina, Pennsylvania, and Florida— do not offer statewide partnership recognition to same-sex couples. According to Census 2010 data, these three states have a total of almost

90,000 same-sex couples. A sizeable impact may occur if even a small number of these 90,000 same-sex couples decide to travel to Virginia to marry.

Further Impacts

The economic impact of travel and tourism by same-sex couples seeking to marry in Virginia 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 a report on the economic impact of tourism in Virginia, travel spending directly supported 210,000 full- and part-time jobs with earnings of \$21.2 billion.¹⁴ Thus, while we calculate roughly that for every \$101,000 spent in Virginia, one job will be generated. We conclude that extending the right to marry to same-sex couples can generate approximately 459 to 595 jobs in Virginia within the first three years.

Table 1. Virginia 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				
Upper-bound	4,558	1,496	1,068	7,122
Lower-bound	3,511	1,152	824	5,487
Wedding Spending				
Upper-bound	\$32,106,552	\$10,537,824	\$7,522,922	\$50,167,298
Lower-bound	\$24,731,484	\$8,114,688	\$5,804,256	\$38,650,428
Out-of-Town Wedding Guests				
Upper-bound	72,928	23,936	17,088	113,952
Lower-bound	56,176	18,432	13,184	87,792
Out-of-Town Guest Spending				
Upper-bound	\$6,417,664	\$2,106,368	\$1,503,774	\$10,027,860
Lower-bound	\$4,943,488	\$1,622,016	\$1,160,192	\$7,725,696
TOTAL SPENDING	\$29,674,972- \$38,524,216	\$9,736,704- \$12,644,192	\$6,955,996- \$9,026,696	\$46,376,124- \$60,195,104

About the Authors

M.V. Lee Badgett is the Research Director at the Williams Institute, and Director of the Center for Public Policy and Administration at the University of Massachusetts Amherst, where she is also a Professor of Economics. She studies family policy and employment discrimination related to sexual orientation.

Sheila Nezhad is a Public Policy Fellow at the Williams Institute.

Christy Mallory is Senior Counsel at the Williams Institute.

About the Williams Institute

The Williams Institute on Sexual Orientation and Gender Identity Law and Public Policy at UCLA School of Law advances law and public policy through rigorous, independent research and scholarship, and disseminates its work through a variety of education programs and media to judges, legislators, lawyers, other policymakers and the public. These studies can be accessed at the Williams Institute website.

For More Information:

The Williams Institute, UCLA School of Law
Box 951476
Los Angeles, CA 90095-1476
(310)267-4382
williamsinstitute@law.ucla.edu
www.law.ucla.edu/williamsinstitute

Endnotes

¹ Gates, Gary J. & Cooke, Abigail M., *Virginia Census Snapshot: 2010* (The Williams Institute, 2011), available at http://williamsinstitute.law.ucla.edu/wp-content/uploads/Census2010Snapshot_Virginia_v2.pdf

² Data shows that 9,931 same-sex couples married in Massachusetts within three years of the state allowing same-sex couples to marry. Next, we estimate the total number of same-sex couples in Massachusetts. Data from the pre-2008 ACS overcounts the total number of same-sex couples. *See also* Gates, Gary J. *Same-Sex Spouses and Unmarried Partners In The American Community Survey, 2008* (The Williams Institute, 2008), available at <http://williamsinstitute.law.ucla.edu/wp-content/uploads/Gates-ACS2008FullReport-Sept-2009.pdf>.

Accordingly, 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* p.4 (The Williams Institute, 2011), available at <http://williamsinstitute.law.ucla.edu/wp-content/uploads/Badgett-Herman-Marriage-Dissolution-Nov-2011.pdf>.

⁴ *Ibid.*

⁵ Posting of Josh Keller, *Gay Marriage by the Numbers*, to <http://projects.nytimes.com/live-dashboard/2013-06-26-supreme-court-gay-marriage#sha=619c5de11> (June 26, 2013, 07:53:00 EST).

⁶ 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/>.

⁷ 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/>.

⁸ *Ibid.*

⁹ U.S. General Services Admin., *Per Diem Rates FY2014*, available at http://www.gsa.gov/portal/content/104877?utm_source=OGP&utm_medium=print-radio&utm_term=perdiem&utm_campaign=shortcuts (click on Virginia). Calculation takes into account that couples traveling together would likely share one hotel room.

¹⁰ Tax Foundation, *State and Local Sales Tax Rates in 2013*, available at <http://taxfoundation.org/article/state-and-local-sales-tax-rates-2013>.

¹¹ Badgett, M.V. Lee & Herman, Jody L. *Patterns of Relationship Recognition by Same-Sex Couples in the United States* (The Williams Institute, 2011).

¹² 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/>

¹³ Virginia Travel Commission, *FY2013 Profile of Leisure Travel in Virginia*, available at <https://www.vatc.org/research/travel-data/> (click “download Excel file” under “FY2013 Profile of Leisure Travel in Virginia.”).

¹⁴ U.S. Travel Association, *Economic Impact of Domestic Travel on Virginia Counties*, available at <https://www.vatc.org/uploadedFiles/Research/2012EconomicImpactofDomesticTravelonVirginiaandLocalities.pdf> 10, 12.