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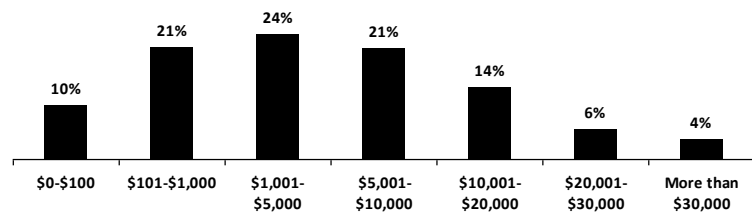


The Business Boost from Marriage Equality: Evidence from the Health and Marriage Equality in Massachusetts Survey

Executive Summary

May 2009 marks the five year anniversary of marriage equality for same-sex couples in Massachusetts, generating new questions about the impact of this policy shift on couples and the state. Several studies predict that marriage equality will have a positive economic impact on the state, including increasing sales tax and tourism revenue as a result of more wedding spending. For instance, a 2008 study estimated that out-of-state same-sex couples coming to Massachusetts to marry would boost the Massachusetts economy by \$37 million in one year. Despite these estimates and anecdotes supporting these claims, few studies have tried to assess the impact of marriage equality on couples or states.

Wedding Spending by Same-Sex Married Couples



As of September 2008, 12,167 same-sex couples living in Massachusetts (representing 52% of all such couples) were married. This study provides one of the first empirical assessments of the claim that marriage will provide an economic boost to state economies by increased wedding and tourism spending.

This brief draws on two sources of data, a survey and state-collected tax revenue data, and finds that marriages have had a positive economic effect on Massachusetts – likely providing a boost of over \$100 million to the state economy. Same-sex couples' weddings injected significant spending into the Massachusetts economy and brought out-of-state guests to the state, whose spending also added to the economic boost. Specifically, we find the following:

- Nearly half of married same-sex couples in Massachusetts have spent \$5,000 or more on wedding-related expenses, including invitations, flowers, clothing, entertainment, catering, and other related expenses.
Nearly one in ten same-sex couples spent over \$20,000 on their weddings.
Same-sex couple spent an average of \$7,400 on their weddings.
If all same-sex couples who married in Massachusetts spent this amount, weddings by same-sex couples gave the economy a \$90 million boost.
Three-quarters of married same-sex couples reported that they had more than 5 guests at their weddings. More than one-quarter of couples had more than 80 guests in attendance.
More than one-quarter of couples report having 21 or more out-of-state guests. These guests resulted in additional tourism spending and helped to boost the Massachusetts economy.
Same-sex couples averaged 16 out-of-state guests at their weddings.
If all same-sex couples who married in Massachusetts had this many guests, and they spent the average amount spent by Massachusetts tourists for a one day visit, that spending would result in an additional \$21 million boost to the Massachusetts economy.
In total, we estimate that marriage equality has led to a positive impact to the Massachusetts economy of approximately \$111 million over the last four and a half years.
State economic data suggest that there was an increase of approximately \$1,600 in state room occupancy tax revenue per same-sex marriage following the start of marriage equality in Massachusetts. This boost in tax revenue supports the survey findings of a significant increase in hotel spending—and most likely of other tourism spending—by wedding guests.

Estimating the Impact on the Massachusetts Economy: Health and Marriage Equality in Massachusetts Survey

Several studies have predicted that marriage equality would have positive economic effects for businesses and governments through spending and taxes on weddings.ⁱⁱ For instance, in 2006, Badgett and Gates calculated that nationwide marriage equality could bring an additional \$2 billion to wedding-related industries such as retail gifts, hotels, florists, restaurants, and caterers.ⁱⁱⁱ While the average wedding in the United States cost \$21,814 in 2008^{iv}, down significantly from recent years because of the recession, same-sex couples might spend less on their weddings. Same-sex couples may have already had commitment ceremonies, and these couples may not be able to rely upon financial support from their families because of discrimination. Badgett and Gates projected that the average same-sex couple will spend approximately 25% of the average amount on their wedding, or about \$5,500 in 2008, on wedding-related expenses. In addition to what same-sex couples who marry will spend on wedding-related costs, out-of-town guests attending these weddings will also spend money on hotels and meals.

Until now, no studies have attempted to estimate the actual impact of wedding spending by same-sex couples and their guests on state economies. Such a task is difficult given both the lack of appropriate data and the difficulty of isolating the impact of a relatively small change in a large economy. Therefore, our primary strategy was to survey married same-sex couples to assess the level of spending.

The Health and Marriage Equality in Massachusetts (HMEM) survey conducted by the Massachusetts Department of Health provides data about married same-sex couples in Massachusetts. The survey was sent via email to individuals in 38,210 Massachusetts households that were on the mailing list of MassEquality, the largest GLBT advocacy organization in Massachusetts.

Of these households, 1,608 responded, yielding a response rate of 4.2%. Married same-sex couples were identified when respondents indicated that they were “currently legally married” to someone of the same

sex. Of the 1,608 individuals who responded, 559 could be identified as members of married same-sex couples.

MassEquality’s email list may not comprise a random or representative sample of individuals and couples residing in the State of Massachusetts. However, the organization made efforts to find and add names of all married same-sex couples to its list, suggesting that it might provide a reasonably broad sample.

Comparing this sample to data from the Massachusetts Department of Public Health Registry of Vital Records and Statistics, we find that this sample is quite similar to the couples whose marriages were officially recorded with the state. Among the survey respondents who identified as male or female, 61% (338) identified themselves as a member of a female married same-sex couple and 39% as part of a male married same-sex couple. This sex breakdown is similar to the latest statistics available from the Vital Records and Statistics showing that, between 2004 and 2007, 64% of the 12,167 same-sex marriages recorded by the State were female same-sex couples. The respondents in the HMEM survey have a median age of 40 to 49 years of age, regardless of sex, as do the couples whose marriages were included in the State’s vital records. The similarity in age and sex of the HMEM sample and the official marriages recorded with the State of Massachusetts suggest that the HMEM sample is generally representative of married same-sex couples in Massachusetts.

The respondents in the survey differ slightly from those individuals in same-sex couples identified using the American Community Survey, conducted by the U.S. Census Bureau. The more than half of the respondents in the HMEM survey reported a median household income above \$110,000. In the 2005-2007 American Community Survey, same-sex couples (regardless of marital status) have a median household income of \$91,700. One possibility is that the HMEM sample may have drawn upon higher earning individuals than the general population. Alternatively, it may be that higher income couples are more likely to marry, so the HMEM sample may indeed be representative of the population of married same-sex couples.

The HMEM survey included questions specifically designed to obtain information about the economic impact of marriage and the marriage ceremony. Respondents were asked to choose a range that reflected how much money they spent on their wedding celebration (including expenses such as invitations, flowers, clothing, entertainment, catering, and other related expenditures), how many guests attended their wedding, and how many guests travelled from out of state to attend their wedding. These responses provide insight into the ways in which marriage equality may have affected wedding-related industries in Massachusetts and the overall State economy.

Nearly half of same-sex couples spent \$5,000 or more on their weddings.

Nearly half (46%) of married same-sex couples in Massachusetts spent more than \$5,000 on their weddings. Figure 1 shows the percentage of married same-sex couples who reported different levels of wedding spending. On one end of the spectrum, almost one-third of married same-sex couples spent \$1,000 or less; on the other end, 10% of couples spent more than \$20,000 on wedding-related expenses.

While the broad spending categories make it difficult to calculate a precise average, using the mid-points of each range to calculate an average suggests that the typical wedding spending was approximately \$7,400. If all 12,167 same-sex couples who married in Massachusetts spent this amount, a conservative estimate of the total effect of weddings by same-sex couples is a \$90 million boost.

Both the spread of weddings across spending categories and the average suggest that earlier estimates of spending (about \$5,500 per wedding) were quite close and, if anything, perhaps too low. Clearly these findings support the conclusions of earlier studies that wedding spending could provide a sizable economic boost to local economies.

Figure 1. Wedding Spending by Same-Sex Married Couples

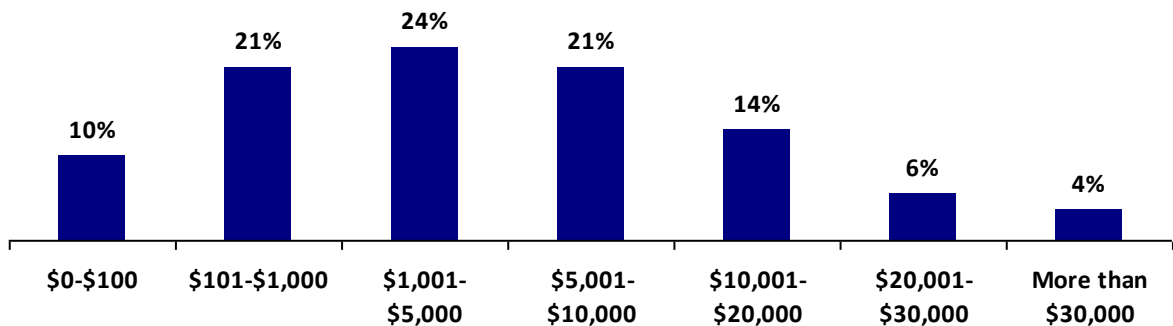
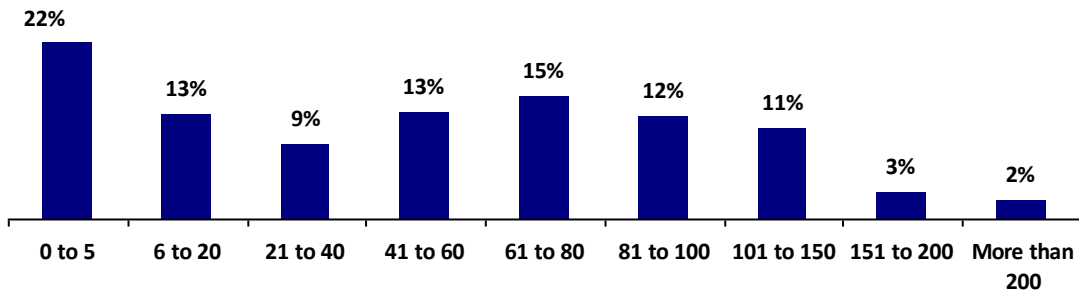


Figure 2. Number of Guests In Attendance at Same-Sex Weddings



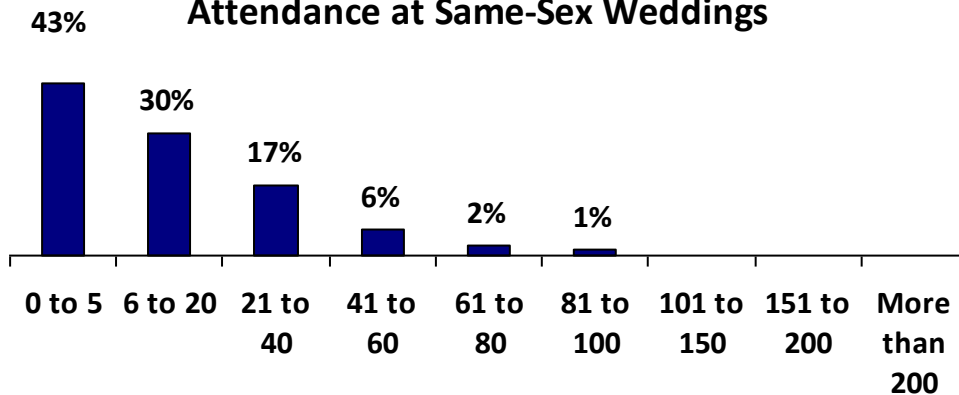
Many out-of-town guests attended weddings in Massachusetts.

An alternative measure of the size of weddings is the number of guests at each wedding. In the HMEM survey, three-quarters of respondents had more than five guests at their wedding (Figure 2). The median number of guests reported by married same-sex couples was 41-60 guests. More than 25% of couples had 81 guests or more in attendance. In accord with their lower total spending figures, same-sex couples appear to invite fewer wedding guests than do different-sex couples. A national study of 18,000 different-sex couples married in 2008 reported that the average number of wedding guests was 148.^v

Married same-sex couples reported that many of their wedding guests came from out-of-state. These guests would generate additional travel spending on expenses such as hotel stays and meals, in addition to the wedding spending figures reported in Figure 1. Figure 3 shows the percentage of same-sex couples reporting ranges of out-of-state guests in attendance. About half

of same-sex couples had more than five out-of-state guests. More than one-quarter of couples report having 21 or more out-of-state guests. While the broad spending categories make it difficult to calculate a precise average, using the mid-points of each range to calculate an average number of out-of-state guests suggests that the typical wedding had 16 out-of-state guests. If all same-sex couples who married in Massachusetts had this many out-of-state guests, and those guests spent the average amount spent by Massachusetts tourists for a one day visit (\$108.70)^{vi}, that spending would provided a \$21 million boost to the Massachusetts economy. This estimate is conservative, because it does not include any additional spending that these guests might do because they are attending a wedding, such as buying gifts.

Figure 3. Number of Out-of-State Guests In Attendance at Same-Sex Weddings



Estimating the Impact on the Massachusetts Economy: Analysis of State Economic Data

Previous studies have suggested weddings and guests would generate significant increases in state and local business activity. In particular, gains would be largest in wedding-related industries, such as ceremonies, meals, parties, transportation, flowers, and photography. In addition to the amount spent on these goods and services by couples, state and local government can also expect to see increased revenue from sales and occupancy taxes on related retail sales and services.

Because wedding spending represents only a tiny fraction of all spending in the state, detecting the precise impact of same-sex couples' weddings in state level data is difficult. For example, while over six thousand same-sex couples married in 2004, even if each couple spent \$20,000 on their weddings, total state spending would only rise by \$120 million spread out over a variety of wedding-related industries. That sum would generate only a small fraction of the total spending (gross state product) of over \$300 billion in Massachusetts that year.^{vii}

Despite these difficulties, one way to see evidence of guest spending is through a careful analysis of hotel room occupancy tax revenue.^{viii} In Massachusetts every room rented for \$15 or more per day is subject to a room occupancy excise tax of 5.7% that goes to the state government.^{ix} Using data from the Massachusetts Department of Revenue and other sources, we find that each wedding of a same-sex couple is associated with an increase in \$1,600 (in 2004 dollars) in state room occupancy excise tax revenue, which is roughly similar to the tax revenue increase per different-sex marriage of \$2,000.

To estimate these effects, we use 2000 to 2007 fiscal year data from the Massachusetts Department of Revenue on room occupancy excise tax revenue by county.^x We combine this with data from the same period on the number of marriage records received and recorded by county, which was obtained from the

Massachusetts Department of Public Health's Registry of Vital Records and Statistics. To take into account other economic differences across counties that might also affect the demand for hotel rooms, we use county level Census data on population and unemployment rates in the county.^{xi}

After controlling for county population and economic conditions, each different-sex marriage in a county increases state room occupancy tax revenue by \$2,000 (in 2004 dollars) over the previous year. This tax figure is associated with \$36,000 in increased hotel occupancy spending. Starting in fiscal year 2004, each marriage of a same-sex couple increases state room occupancy by \$1,600, or \$28,000 in increased hotel occupancy spending. Further details on our analysis are available in the Appendix.

Conclusion

The five year anniversary of marriage equality in Massachusetts provides an opportunity to begin to assess the economic impact of marriage equality on the state. Using data from two sources, a survey and state-collected tax revenue data, this brief finds that marriages have had a positive economic effect on the Massachusetts economy. The HMEM survey provides data about spending by same-sex couples on their weddings, as well as information about the number of guests and the number of guests who came from out-of-state to attend their weddings. These data suggest that same-sex weddings injected significant spending into the Massachusetts economy and brought out-of-state guests to Massachusetts, whose spending also gave the state an economic boost. If all same-sex couples who married in Massachusetts spent an estimated \$7,400 on their weddings, wedding-related spending over the last five years would top \$90 million. If these couples had the average of 16 out-of-state guests at their weddings, that would add an additional boost of \$21 million, for a combined positive economic impact to the Massachusetts economy of \$111 million over the last five years.

Appendix

To estimate the room occupancy tax revenue gain per marriage in Massachusetts, we rely on Massachusetts Department of Revenue data for fiscal year 2000 to 2007.^{xii} We compute year over year changes in state room occupancy excise tax collections by county, excluding any local option excise tax collections. We use the Consumer Price Index from the Bureau of Labor Statistics to control for inflation and place all figures into 2004 dollars.^{xiii}

Using monthly marriage record data from the Department of Public Health, we then compute the number of same-sex and different sex marriage by fiscal year in each county for the same period.^{xiv} From these figures we derive the year over year changes in same-sex and different-sex marriages by fiscal year.

To account for differing demographic and economic conditions in each county, we further control for changes in the population level and unemployment rate in each county. We use data from the US Bureau of Labor Statistics to estimate population and unemployment rates in July of each year (July 1 marks the beginning of each Massachusetts fiscal year).^{xv} By subtracting the population and unemployment rate from the previous July, we can partially control for changes in demographic and economic conditions by fiscal year in each county.

Because of the size of Suffolk County, which contains Boston, and to account for the wide variability of yearly conferences in the city, we exclude Suffolk County from the analysis.^{xvi} (For example, the 2004 Democratic National Convention was held in Boston.) Finally, we control for general economic conditions in each fiscal year by including year fixed effects. Our final data set includes 91 observations, 7 (for fiscal years 2001 to 2007) from each of the remaining 13 counties in the state.

**Appendix Table 1: Change in State Occupancy Tax Revenue
2001 to 2007
(Thousands of Dollars)**

| | | |
|---|-----------|-----|
| | | |
| Change in Number of Same-Sex Marriages | 1.640 | |
| | (0.972) | * |
| Change in Number of Different-Sex Marriages | 2.024 | |
| | (0.513) | *** |
| Change in July Population | 0.214 | |
| | (0.053) | *** |
| Change in July Unemployment Rate | -1032.372 | |
| | (419.352) | ** |
| 2002 | -87.553 | |
| | (444.030) | |
| 2003 | -983.613 | |
| | (373.783) | *** |
| 2004 | -396.506 | |
| | (593.253) | |
| 2005 | -1105.303 | |
| | (535.760) | ** |
| 2006 | -280.234 | |
| | (491.852) | * |
| 2007 | -823.569 | |
| | (533.033) | |
| constant | 450.640 | |
| | (382.349) | |
| | | |
| Observations | 91 | |
| Adjusted R-Square | 0.39 | |

Notes: Dependent variable measured in thousands of 2004 dollars.
*, **, *** represent significance at the 10%, 5% and 1% levels, respectively.

Endnotes

- ⁱ Data from the Registry of Vital Records and Statistics, prepared April 21, 2008. Using figures from the American Community Survey 2005-2007 population estimates, there are 23,358 same-sex couples living in Massachusetts.
- ⁱⁱ See, for example, Christopher Ramos, M.V. Lee Badgett, Michael D. Steinberger, and Brad Sears. "The Impact of Maine's Budget of Allowing Same-Sex Couples to Marry." *The Williams Institute*, April 2009; Christopher Ramos, M.V. Lee Badgett, and Brad Sears. "The Economic Impact of Extending Marriage to Same-Sex Couples in District Columbia." *The Williams Institute*, April 2009; M.V. Lee Badgett, Christopher Ramos, and Brad Sears. "The Economic Impact of Extending Marriage to Same-Sex Couples in Vermont." *The Williams Institute*, March 2009; M.V. Lee Badgett, Christopher Ramos, and Brad Sears. "The Economic Impact of Extending Marriage to Same-Sex Couples in Maine." *The Williams Institute*, February 2009; Brad Sears and M.V. Lee Badgett. "The Impact of Extending Marriage to Same-Sex Couples on the New Jersey Budget." *The Williams Institute*, June 2008, available here: <http://www.law.ucla.edu/williamsinstitute/publications/Policy-Econ-index.html>
- ⁱⁱⁱ M.V. Lee Badgett and Gary J. Gates. "The Effect of Marriage Equality and Domestic Partnership on Business and the Economy." *The Williams Institute*, October 2006, <http://www.law.ucla.edu/williamsinstitute/publications/MarriageEqualityontheEconomy.pdf>.
- ^{iv} National average of wedding spending from The Wedding Report, www.theweddingreport.com.
- ^v The Knot, Inc. "The Knot Unveils 2008 Real Wedding Survey Results." April 2009, <http://www.theknotinc.com/press-releases-home/2009-press-releases/2009-04-08-real-wedding-survey.aspx>
- ^{vi} Tony D'Agostino, of the Mass. Office of Travel & Tourism, identified, in a telephone conversation on 6/16/08, \$500.00 as the average tourist expenditure. We divided this figure by the average tourist stay (4.6 days), from their 2005 Massachusetts Domestic Visitor Profile report, to come up with the per person per diem figure. See Massachusetts Domestic Visitor Profile: Calendar Year 2004, Massachusetts Office of Travel & Tourism, April 29, 2005 at <http://www.massvacation.com/pdf/domprof04.pdf> (last accessed on June 26, 2008)
- ^{vii} "Gross Domestic Product (GDP) by State and Metropolitan Area," Bureau of Economic Analysis, U.S. Department of Commerce, <http://www.bea.gov/regional/index.htm>.
- ^{viii} We did not find statistically significant increases in specific wedding-related industry spending in Census Bureau County Business Patterns reports for jewelry stores, caterers, formal wear rental stores, florists, and stationery stores.
- ^{ix} "Form RO-2: Monthly Room Occupancy Return," Massachusetts Department of Revenue. Local cities and towns have the option of imposing an additional tax of up to 6.75% over and above the state 5.7% rate.
- ^x To allow comparability between counties, we focus our analysis only on the state room occupancy excise tax, not the city and town option that allows towns to levy up to an additional 4 percent in excise tax.
- ^{xi} Table 1: Annual Estimates of the Population for Counties of Massachusetts: April 1, 2000 to July 1, 2007 (CO-EST2007-01-25), Population Division, U.S. Census Bureau.
- ^{xii} "Room Occupancy Revenue Report," Fiscal Years 2000-2007, Commonwealth of Massachusetts, Department of Revenue.
- ^{xiii} Bureau of Labor Statistics Consumer Price Index Inflation Calculator-Urban Consumers, http://www.bls.gov/data/inflation_calculator.htm.
- ^{xiv} Number of marriage records received and recorded by the Massachusetts Registry of Vital Records and Statistics, Department of Public Health. Unpublished, monthly county-level figures released by the department for this report.
- ^{xv} "Table 1: Annual Estimates of the Population for Counties of Massachusetts: April 1, 2000 to July 1, 2007 (CO-EST2007-01-25)," Population Division, U.S. Census Bureau, March 20, 2008, www.census.gov/popest/counties/tables/CO-EST2007-01-25.xls. "Labor Force and Unemployment Data: Counties and equivalents, Not Seasonally Adjusted, 2000-2007," Bureau of Labor Statistics, <http://www.bls.gov/lau/>.
- ^{xvi} Including Suffolk County does not dramatically change our point estimates for the tax effect per marriage (\$1,640 per same-sex marriage and \$2,390 for each different-sex marriage), but the added variability reduces the statistical significance of our results (the t-statistic on same-sex marriages drops to 1.17).

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