

The Bottom Line on Family Equality :

The Impact of AB 205 on California's Businesses

by M.V. Lee Badgett, PhD & R. Bradley Sears, Esq.

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EXECUTIVE SUMMARY

This study, co-authored by UCLA's Williams Project on Sexual Orientation Law and the Institute for Gay and Lesbian Strategic Studies (IGLSS), estimates the impact of AB 205 on California's businesses. AB 205, if enacted, will provide registered domestic partners with almost all of the same rights and responsibilities as spouses. The study concludes:

AB 205 will increase the revenues of those business involved in state tourism, including hotels, restaurants, retail stores, travel businesses, and entertainment venues.

If AB 205 is enacted, same-sex couples from other states are likely to travel to California to become domestic partners. This will generate a boost to tourism that will lead to higher revenues for tourism-related businesses. Using different methods to predict the number of couples coming from out of state to register, and the State's averages for tourist spending, we estimate increased revenues from tourism ranging from \$9 to \$63 million.

AB 205 will reduce California businesses' losses from uncollected debt.

If AB 205 is enacted domestic partners will have community property, and such property will be liable for the debts of either partner, whether incurred before or after the partnership was registered and regardless of which partner has management and control over the property. In addition, for debts incurred to provide one partner with the necessities of life, the other partner's separate partner will be liable. In short, domestic partners will be financially accountable for each other just as married persons. This will give creditors enhanced ability to collect on almost \$1 billion in consumer debt from registered domestic partners in California.

AB 205 will not significantly increase the cost for California businesses of providing employee benefits.

AB 205 will not impose significant costs on California businesses by requiring employers to provide benefits for the domestic partners of employees on the same basis as spouses of employees. Thousands of California businesses, including over 30 Fortune 500 companies, already provide equal benefits to domestic partners, either voluntarily or pursuant to local ordinances. California law already requires all businesses to provide some employee benefits to domestic partners on the same basis as spouses.

For those benefits that businesses do not already provide to domestic partners equally, either voluntarily or by local or state law, the take up rate is projected to be low. AB 205 will not impose any significant additional costs for businesses under their death, survivorship, or retirement plans.

AB 205 will not impose significant costs on California businesses for providing additional health care benefits. Several thousand companies in California already provide such benefits. In addition, it is projected that less than 1% of California Businesses will have any additional costs as a result of AB 205. For those businesses that will be impacted, the average increase in costs of providing health benefits will be slightly over \$3,000.

AB 205 will not create significant administrative costs for California businesses.

Based on projections by the State of California, and the experience of other states that have adopted legislation similar to AB 205, it is projected that AB 205 will pose minimal administrative costs on California's businesses.

Providing California's families with equal rights is fiscally responsible for California businesses.

In conclusion, by providing domestic partners with almost all of the rights of married couples, AB 205 will enhance the revenues of tourism-related businesses and provided California businesses with greater ability to collect on over \$1 billion of debt. In addition, the projected costs for providing equal benefits to the domestic partners of employees and administrative costs will be minimal. The bottom line: providing California's families with equal rights is fiscally responsible for California's businesses.

I. Introduction

This report outlines and estimates the impact of AB 205 on California's businesses. AB 205, if enacted, would give couples who are registered as domestic partners almost all of the rights and obligations as spouses with respect to the State government. Since marriage changes the eligibility of couples for certain employee benefits and creates mutual obligations for debt, AB 205 could have an impact on California's businesses. Based on the analysis set out in this study, our best estimate is that AB 205 would result in increased revenues for some California businesses and would not significantly increase costs for any California business.

Although marital status appears in numerous places throughout California's laws, we focus on the particular policy areas that are most likely to impact California's businesses:

- (1) Changes in revenues for tourism-related businesses;
- (2) Changes in businesses' ability to recover debt;
- (3) Changes in employees' eligibility and enrollment for employment benefits that are currently only provided to employees' spouses; and
- (4) Changes in administrative costs.

In each case, we consider how much the above changes will impact California's businesses. In order to provide the most accurate estimates possible, we draw on the best available data on the potential economic cost or benefit of those effects.

In estimating the total costs and benefits to businesses, one important variable is, of course, the number of couples who are likely to register as domestic partners if AB 205 is enacted. California currently allows same-sex couples to register as domestic

partners. Different-sex couples are also allowed to register as long as one member of the couple is at least 62 years of age. As of May 14, 2003, 19,905 couples had registered as domestic partners with the State. Unfortunately, the State does not track how many couples registering are same-sex or different-sex. In this analysis, we assume that most domestic partners are same-sex couples. This assumption is reasonable given the fact that different-sex couples are legally allowed to marry and persons over 62 are less likely to form non-marital, co-habiting relationships.

Further, for the purpose of this analysis, we assume that the number of couples wanting to remain registered as domestic partners under AB 205 will remain roughly the same as the current level of registration, at least in the near future. By providing a more comprehensive set of legal rights and obligations than afforded under current law, AB 205 will create an incentive for some couples to register as domestic partners. However, it is possible that this more comprehensive set of rights and obligations will also deter some couples from registering and may lead some registered couples to terminate their domestic partnerships. We have no way of knowing how much these two effects might offset each other; therefore, it is not possible to precisely predict whether domestic partnership registrations will increase or decrease if AB 205 is passed.

Because of the uncertain impact of AB 205 on the number of couples registering, we do not build in any assumptions about the rate of increase in partnerships created by AB 205 in the near future.¹ In short, for purposes of this analysis, we assume that the number of registered domestic partnerships will remain at 19,905 once AB 205 is enacted. We assess the impact of AB 205 on California's businesses using the most recent data available for each of the components that we analyze.²

I. Increased Revenues for Tourism-Related Businesses

Analyses of other states' consideration of opening marriage to same-sex couples have argued that the first state to do so would experience a wave of increased tourism that would bring millions of additional dollars in revenues to state businesses.³ Of course, AB 205 would not allow marriage but would create a comparable legal status that is unlikely to be immediately recognized in other states, at least in the short run.⁴ In that way, the status created by AB 205 is similar to the "civil union" status created by the State of Vermont for same-sex couples.

Given the experience in Vermont, where most couples entering into civil unions are from other states, we would expect the out-of-state demand to enter into a domestic partnership in California to be less than the demand for actual marriage but still positive. Current reports from Vermont suggest that 85% of couples entering civil unions, or 4,697 as of May 14, 2003, are from states other than Vermont.⁵ In other words, for every Vermont couple that entered a civil union, five other out-of-state couples traveled to Vermont to enter civil unions.

We can use the Vermont experience in several ways to predict how many couples will travel to California to enter domestic partnerships.

(1) Most optimistic Vermont scenario: If out-of-state couples travel to California in the same proportions as in Vermont, then each California domestic partnership predicts five other out-of-state partnerships. In that case, 99,525 visiting couples, or 199,050 individuals, will result.

(2) Western state scenario: According to Census 2000, there are 63,946 same-sex unmarried partner couples in the western states, excluding California, Hawaii,

and Alaska. Those couples would have relatively easy access to California, and the State's domestic partnership policy under AB 205 is likely to draw couples from more distant states, as well, given the State's other tourist attractions.

(3) *California percentage of western states scenario:* A somewhat less optimistic but more realistic scenario assumes that the same proportion of those 64,000 western couples will become domestic partners as the proportion of same-sex couples in California who have registered. Currently 19,905 couples are registered, or 22% of California's same-sex couples as counted by Census 2000. In this scenario, California businesses will likely see an additional 28,160 visitors.

(4) *Less optimistic Vermont scenario:* A highly pessimistic scenario is to assume that California will get the same number of couples as Vermont received, or 4697 couples. (This differs from the first scenario giving California the same proportion of out-of-state couples.) This pessimistic scenario is likely to be far too low, since the California domestic partnerships will not require a lengthy residence in order to dissolve, as is the case in Vermont. Thus, the California status is likely to be more attractive than Vermont's civil union.

Using the different scenarios allows us to estimate a range of benefits to the California tourism industries that would result from AB 205. Table I multiplies the number of visitors from each scenario by the average length of visit, 3.5 days, and the average spending per visitor per day, or \$91.15.⁶ The most likely scenarios (1) – (3)

estimate an increase in tourist spending that ranges from \$9 million to \$63.5 million.

Table I: Scenarios for Increased Revenues from Tourism-Related Businesses

	(1)	(2)	(3)	(4)
	Most optimistic	All western couples	22% western couples	Vermont out of state couples
New visitors	199050	127892	28136.24	9394
Length of stay(days)	3.5	3.5	3.5	3.5
average expend/day	\$91.15	\$91.15	\$91.15	\$91.15
Total spending	\$63,501,926	\$40,800,745	\$8,976,164	\$2,996,921

These estimates are conservative predictions about the benefits of AB 205 to state businesses. These estimates do not account for the multiplier effect of tourist spending, that is that, over time, \$1 brought into California from out-of-state will generate more than a \$2.30 of additional spending in the State.⁷ Therefore, these tourism estimates are conservative estimates and are likely to be higher than the \$9 to \$63.5 million dollars calculated here.

In addition, couples coming to California to register as domestic partners are likely to spend much more money than average tourists to California. It is probable that many couples will do things to mark the occasion of their registration as domestic partners such as buying gifts, having special ceremonies, parties, or dinners, and inviting friends and relatives from outside of the state to join them for the occasions. One recent news article notes that couples spend \$22,000 on the average wedding in the United States.⁸

Even a modest number of couples traveling to California to enter a domestic partnership will bring new customers to the state’s existing businesses and will perhaps

lead to the development of new businesses to cater to the domestic partner ceremony niche. The millions of dollars spent will add jobs and profits to the State's economy.

II. Decrease in Losses from Unpaid Debt

AB 205 will also help California's businesses by making it easier for them to collect debts from consumers and mortgagors. AB 205 will have this result by imposing liability on individuals for the debts of their domestic partners in the same way that individuals are currently held liable for their spouses' debts under California law.

California is a community property state and employs a system for liability for marital debts "that is most favorable to creditors."⁹ A married couple's community property¹⁰ is liable for a debt¹¹ incurred by either spouse, no matter whether that debt was incurred before or during marriage. Liability also applies to community property regardless of i) which spouse has management and control of the property, ii) whether one or both spouses are parties to the debt,¹² and iii) whether the debt was incurred for benefit of the couple or just for the benefit of one spouse exclusively.¹³

While generally the separate property of a married person is not liable for debt incurred by a spouse before or during marriage,¹⁴ even separate property is liable for a debt incurred by an individual's spouse for "necessaries of life."¹⁵ This rule codifies spouses' obligation to provide for one another. Of the possible approaches to liability for marital debts, California's approach gives creditors "the greatest assurance that debts of the spouses will be satisfied."¹⁶

Under AB 205, creditors will also have the same increased ability to recover debts from individuals who are in registered domestic partnerships. Under AB 205, domestic partners will have community property and that community property will be liable for

their partners' debt, regardless of whether the debt was incurred before or after the formation of the domestic partnership, regardless of who has management and control over the community property, and regardless whether one or both partners are parties to the debt. Under AB 205, even a domestic partner's separate property will be liable for debts incurred to provide for the basic life needs of his or her partner. In short, domestic partners will have the same financial accountability to their partners, and their partners' creditors, as spouses.

It is difficult to quantify how much more debt that businesses in California will be able to collect under AB 205. Quantifying that amount would require detailed information, specific to each registered couple, about the debts of registered domestic partners, their inability to pay such debts as individuals, the property that is currently held by them that would be considered community property under AB 205, and the capacity of such property to cover outstanding debt. Such detailed data does not exist.

We can, however, estimate the total amount of debt held by people in registered domestic partnerships in California. In the United States, total outstanding household home mortgage debt is roughly \$5.4 trillion and total outstanding consumer credit debt is roughly \$1.7 trillion.¹⁷ The per capita consumer debt (credit card plus mortgage debt) is approximately \$25,000.¹⁸ The 19,905 registered domestic partnerships in California, therefore, have approximately \$995,250,000 in consumer debt.

Only a portion of this total amount of debt will be at risk from being recovered by creditors, and therefore have the possibility of requiring creditors to hold a couple's community property liable for the debts. We can use several measures to determine the amount of at risk debt that will be made more secure by AB 250.

- **Debt-burden ratio** -- The Federal Reserve Board has defined an indicator of debtor distress as the proportion of families with unusually large total payments relative to their incomes, specifically the proportion of debtors with payments exceeding 40% of their incomes. In 2001, 11% of families with debts had payments exceeding 40% of their income. Using this measure, AB 205 would provide an enhanced ability to collect on \$109,477,500 of at-risk debt.
- **Delinquency Rates**-- The Federal Reserve Board has also identified another measure as an identifier of debt re-payment problems, the percentage of families who report that they have been sixty or more days late in their payments during the preceding year. In 2001, 7% of families reported that they had been sixty or more days late in their payments during the preceding year. Using this measure, AB 205 would provide creditors with an enhanced ability to collect on \$69,667,500 of at-risk debt.
- **Foreclosure/Charge-Off Rates** - Another measure of at-risk is debt for which creditors take some action to discharge. Either by determining that credit-card debt is uncollectable (charge-off rate) or by foreclosing on mortgages (foreclosure rate). During the second quarter of 2003, the charge off rate for credit card debt was 6.97%. During the first quarter of 2003, the foreclosure rate was 1.2%. Using these measures, AB 205 would provide creditors with an enhanced ability to collect on \$ of at-risk debt.
- **Bankruptcy Rates** -- A final, and more conservative measure of debt re-payment problems, is bankruptcy filings. In 2002, the households per bankruptcy filing rate was 85.5. In other words 1.2% of households filed for bankruptcy.

Using this measure, AB 205 would provide an enhanced ability to collect on \$11,943,000 of at-risk debt.

Table II: Estimates of Total Amount of At-Risk Debt Held by Registered Domestic Partners in California

	% of Households, Families, or Debt	Total Amount of At-Risk Debt
Debt Payments Exceeding 40% of Income	11	\$109,477,500
Over 60 Days Late on A Payment During Past Year	7	\$69,667,500
Foreclosure/Charge Off Rate	7/1.2	
Bankruptcy Rate	1.2	\$11,943,000

Thus, AB 205, will provide creditors with enhanced ability to collect on between \$12 and \$109 million dollars of at risk debt held by registered domestic partners in California.

III. Insignificant Costs from Increased Employee Benefits

California businesses provide certain benefits to employees as part of a compensation package. These include health benefits, death benefits, retirement benefits, survivor benefits, and various leave programs. Some of these benefits cover an employee's spouse and the children of the employee's spouse, as well as the employee. AB 205, by providing domestic partners with the same rights and obligations as spouses, will allow additional persons to be covered by these benefits. Three factors determine the fiscal impact AB 205 will have on employee benefits: the scope of increased eligibility for benefits, the costs of providing any new benefits, and the employer's share of those costs.

A. California Law and Some Local Ordinances Already Require Employers to Provide

the Domestic Partners of Employees with Benefits on the Same Basis as Spouses

Under current California law, domestic partners are already treated the same as spouses in civil marriage for many employee benefits. For example, employees can use sick leave or take six weeks of leave with wage-replacement in order to care for an ill domestic partner, or child of a domestic partner, on the same basis that employees can receive such benefits to care for a spouse or the child of a spouse. In addition, employees can also receive unemployment benefits if they leave employment to accompany either a spouse or a domestic partner who is relocated to a place where it is impractical for the employee to commute. Thus, AB 205 will not increase California businesses costs for providing these benefits to domestic partners of their employees.

In addition, some California cities and counties have passed equal benefits ordinances, ordinances that require city or county contractors to offer the same benefits to domestic partners of their employees that they offer to spouses of their employees. In California, such municipalities include San Francisco, Los Angeles, Berkeley, Oakland and San Mateo County. For business that contract with these municipalities, there will not be any higher costs for providing employee benefits under AB 205.

B. Some California Business Already Voluntarily Provide Additional Benefits to Domestic Partners of Their Employees

A number of California businesses already provide benefits, such as health, dental, and retirement benefits, to domestic partners of employees on the same basis as spouses even though they are not required to provided these benefits under current law. For example, 3,896 business headquartered in California already provide health care benefits to domestic partners of their employees, including 33 Fortune 500 companies.¹⁹

In addition, 165 other Fortune 500 companies and 5,247 other businesses also provide health care benefits to domestic partners of employees, and many of those businesses will also have employees in California covered by these corporate policies.²⁰ Thus, for these businesses, AB 205 will not result in increased costs for providing employee health care benefits.

Table II: Fortune 500 Companies Located in California that Currently Provide Health Care Benefits to Domestic Partners of Employees

RANK	COMPANY	CITY	YEAR
7	Chevron Texaco Corp.	San Ramon	2002
14	Hewlett-Packard Co.	Palo Alto	1997
20	McKesson Corp.	San Francisco	2000
24	Amerisource Bergen Corp	Orange	2000
46	Wells Fargo & Co.	San Francisco	1998
58	Intel Corp.	Santa Clara	1997
61	Walt Disney Co.	Burbank	1996
95	Cisco Systems	San Jose	1994
99	Northrop Grumman Co.	Los Angeles	2003
103	Wellpoint Health Network	Thousand Oaks	2000
130	Gap Inc.	San Francisco	1995
140	PG&E	San Francisco	1996
155	Sun-Micro Systems	Palo Alto	1994
170	PacifiCare Health Systems	Santa Ana	-
183	Edison International	Rosemead	1998
185	Health Net, Inc.	Woodland Hills	1997
190	Oracle Corp.	Redwood Shores	1993
209	Countrywide Financial Group	Calabasas	2003
246	Calpine Corp.	San Jose	1999

288	Science Applications International Corp.	San Jose	1999
291	Sempra Energy	San Diego	1996
292	Agilent Technologies	Palo Alto	1996
300	Apple Computers Inc.	Cupertino	1993
305	Amgen Inc.	Thousand Oaks	1999
327	Applied Material Inc.	Santa Clara	1999
337	Mattel Inc.	El Segundo	1998
364	The Charles Schwab Corp.	San Francisco	1994
371	Dole Food Inc.	Westlake Village	2001
389	Levi Strauss & Co.	San Francisco	1992
393	Providence Financial Corp.	San Francisco	1998
394	Clorex Co.	Oakland	1999
416	Hilton Hotels Corp.	Beverly Hills	2001
489	QualCom Inc.	San Diego	1998

Source for Table II: [Human Rights Campaign Web Page]

C. AB 205 Will Have A Minimal Impact on the Costs of Some Employee Benefits, such as Retirement, Death, and Survivor Benefits

Some employers provide their employees with death, survivor, and retirement benefits. For those employers who do not already provide equal benefits to domestic partners, either voluntarily or pursuant to local law, AB 205 will increase the eligibility for death and survivor benefits, primarily by making domestic partners who survive an employee or retiree eligible for such benefits on the same basis as a surviving spouse.

AB 205 will have a minimal impact on these benefits for several reasons. First, very few employees will become eligible for pre-retirement death benefits under AB 205. For example, in a study of AB 205's impact on State employee benefits, we determined that at most one additional state employee would become eligible for such benefits each year.²¹ Thus, it likely that almost all of California's businesses, which employ a fraction of the employees employed by the State, will not payout additional death benefits because of AB 205. AB 205 will also have very little impact on the pay out of post-retirement survivor benefits because very few additional persons will become eligible for such benefits under AB 205 and, in most circumstances, employees can already designate their domestic partners to be the beneficiaries of such benefits.²²

D. AB 205 will have a Minimal Impact on the Cost to California Businesses of Providing Health Care Benefits

The concern raised most frequently when businesses consider providing domestic partners of their employees with benefits on the same terms as spouses, either voluntarily or in compliance with state or local law, is the cost of providing additional health care benefits. However, both predictive models and empirical data have consistently demonstrated that few new partners are likely to sign up for health care benefits.

In a 2001 Urban Institute study, researchers predicted that only two tenths of one percent of a company's employees (0.2% of the workforce) would request benefits for same-sex domestic partners. The study concluded that "the costs associated with adding domestic partner benefits are most likely to be quite small. And the gains from fostering an inclusive, open environment could be great."²³

Empirical studies of businesses that offer domestic partner benefits have also demonstrated that partner coverage does not significantly increase employers' compensation costs. The typical "take-up rate," or percentage of employees who sign up a partner, is low. A survey of public employers found an average take-up rate of 2.1%, while a survey of private employers found most reporting a 1% rate.²⁴

Perhaps the best predictor of the take-up rate for California businesses is the actual experience of the State of California, which has provided health benefits to domestic partners of state employees on the state terms as spouse of state employees for the past three years. During that time period, less than one-half of one percent (0.5%) of State employees under CalPERS have enrolled domestic partners for health benefits.²⁵

Using the take-up rate for state employees and the current average monthly costs

for employers for providing health insurance for family members, we can project the impact that AB 205 will have on some hypothetical California businesses that do not already provide equal benefits to domestic partners. Most California businesses will have no new partners signed up, since they are so small that the predicted number of enrollees is less than one, as shown in Table III. In other words, very few small businesses will have any employees who want to cover a partner. (And not all small businesses offer health benefits to any employee, further reducing the impact of AB205.)

Medium-sized businesses with 100-499 employees will on average have one or two new people to cover. Using the average employer contribution to family coverage for California employers in 2002, we estimate that those employees will cost medium-size employers from \$3163 to \$6326 per year. Larger employers will see the biggest impact, not surprisingly. An employer with 1,000 employees will add 5 new partners, for instance.

TABLE III: PROJECTED INCREASED COSTS FOR HEALTH BENEFITS UNDER AB 205 FOR CALIFORNIA BUSINESSES

Number of Employees In Business	Percentage of California Businesses With This # of Employees	Annual Cost to employer of one employee Switching From Single to Family Coverage	# of Employees Projected Taking Up Family Coverage As A Result of AB 205	Total Projected Cost to Employer Under AB 205
0-99	98%	3163	0	\$0
100-499	1.8%	3163	1-2	\$3163-6326
500+	.2%	3163	5 (for 1,000 employees)	\$15,815 (for 5 employees)

Sources for Table II: The Kaiser Family Foundation and Health Research and Educational Trust, California Employer Health Benefits Survey 2002, February 2003, Chart 11. California Size of Business Report, 2001, Table 1, Number of Businesses, Number of Employees, and Third Quarter Payroll by Size of Business, State of California, Third Quarter, 2001.

Approaching the question of an increase in costs from a different perspective arrives at the same conclusion—the additional cost to most businesses will be zero. There

are approximately 1.1 million businesses in California.²⁶ However, there are only 19,905 couples registered as domestic partners in California. If one person in each couple is employed, then at most 19,905 new partners could become eligible for an employer's health benefits. But only 72% of California employers offer health benefits, and in those places only 65% of employees are eligible for health benefits and actually sign up. As a result, only 9,316 new partners are likely to be eligible. Thus, at most only 9,316 California businesses, or less than 1%, could have even one employee signing up a partner, generating an average cost of \$3163 for each business.

But the number of businesses affected would be even smaller for several reasons: Many partners will have their own health care coverage through employers or other sources, and some employees with partners work for employers that provide no health insurance benefits for spouses at all. And, of course, some people in partnerships will not be employed.

Overall, several predictive methods all yield the same conclusion. Few California businesses will be affected at all by AB205, and those that are affected will see a very small impact on compensation costs.

IV. Administrative Costs for California Businesses Will Be Minimal

Another area of cost concern for California businesses is increased administrative costs for changing forms and other documents for and modifying human resource related computer programs to include domestic partners. However, these costs will be insignificant. Even the State of California is not anticipating any significant administrative costs as a result of AB 205.²⁷ Furthermore, some businesses that currently offer domestic partner benefits must prepare and process individual affidavits of

employees claiming a domestic partner. AB205 would provide an administrative short-cut for these employers by creating a state-wide status that is easily verified (if necessary) and would not require extensive record-keeping. Therefore, it is extremely unlikely that any individual business will incur significant costs as a result of AB 205 in this area.

VIII. Conclusion

A careful analysis and estimation of the different impacts of AB 205 on California's businesses reveal the following effects:

- Out-of-state couples will visit California to become domestic partners. We estimate that the extra tourist spending will generate \$9 to \$63.5 million in additional revenues each year for California's tourism-related businesses.
- AB 205 will increase the ability of California's businesses to collect unpaid debt, by making domestic partners responsible for their partner's debts on the same basis as spouses under California law. Creditors will have increased ability to collect on almost \$1 billion in consumer debt.
- AB 205 will not affect the costs for most California businesses for providing employee benefits. This is true because many California businesses already provide equal benefits to employees either voluntarily or as a result of local law. At most, only 2% of California's businesses are likely to have employees that elect to enroll domestic partners for benefits as a result of AB 205. The vast majority of these businesses will have increased costs of less than \$3200 per year.

- AB will not impose any significant administrative costs for businesses as a result of having to alter forms, other documents, or human relations related software.

Overall, the net impact of giving domestic partners equal rights is a positive impact for California's businesses. We conclude that providing California families with equal rights is fiscally responsible, and will help the bottom line of a number of California's businesses.

Acknowledgements

This study represents our analysis and conclusions. However, we would like to thank those who helped us with accessing certain data sets, providing assistance, and reviewing drafts of our analysis.

¹ Over a longer period of time we predict that the new rights and obligations provided by AB 205 will encourage more couples to register as domestic partners. We base this prediction on the experience of Vermont's civil union legislation, which provides those entering into civil unions with all the rights and obligations of spouses in civil marriage. When compared to the number of same-sex couples identified by Census 2000, approximately 44% of Vermont's same-sex couples have entered into a civil union. Currently, the 19,905 couples registered as domestic partners under California law represent only 22% of the same-sex couples identified by Census 2000 as living in California. Thus, we assume that the comprehensive set of rights provided under Vermont law has caused a larger percentage of couples to seek legal recognition of their relationships. Likewise, AB 205 will probably provide a greater incentive for California couples to register as domestic partners than currently exists.

² AB 205 would not go into effect until January 1, 2005.

³ For analyses of the Hawaii situation: Jennifer Gerarda Brown, "Competitive Federalism and the Legislative Incentives to Recognize Same-Sex Marriage," *Southern California Law Review*, Vol. 68, 1995, pp. 745-839; Sumner LaCroix and James Mak, "How Will Same-sex Marriage Affect Hawaii's Tourism Industry?" Testimony Before Commission on Sexual Orientation and the Law, State of Hawaii, October 11, 1995. For an analysis of Vermont: M. V. Lee Badgett, "The Fiscal Impact on the State of Vermont of Allowing Same-sex Couples to Marry," Institute for Gay and Lesbian Strategic Studies, 1998.

⁴ At least not without litigation that would have an uncertain outcome.

⁵ The Office of Legislative Council, "Report of the Vermont Civil Union Review Commission," January 2002, available at <http://www.leg.state.vt.us/baker/cureview.cfm>, accessed 4/27/03.

⁶ Figures from "Travel Industry: Research & Statistics," September 2002 Topline Measures, California Tourism, California Division of Tourism.

⁷ Travel Industry Association of America, "Impact of Travel on State Economies 2000," Washington, DC, October 2002.

⁸ Rebecca Mead, "You're Getting Married," *The New Yorker*, April 21 & 28, 2003, p. 76.

⁹ 17 Cal. La Rev. Com. Reports, p.10.

¹⁰ Under California law, quasi-community property is liable to the same extent, and is treated the same in all other respects as community property. California Family Code 912.

¹¹ "Debt" includes obligations incurred by contract, tort, or otherwise. Cal. Family Code 902.

¹² California Family Code 910; *In re Marriage of Brendle*, 54 Cal. Rptr. 397 (App. 2 Dist. 1996).

¹³ *Lezine v. Security Pacific Financial*, 58 Cal. Rptr. 276 (1996)

¹⁴ California Family Code 913.

¹⁵ California Family Code 914. The married person is entitled to reimbursement if their separate property is applied to such a debt and nonexempt property in the community estate or separate property of the person's spouse is available but is not applied to the satisfaction of the debt.

¹⁶Id.

¹⁷ 2002 1st Quarter Flow of Funds Accounts of the United States, Federal Reserve.

¹⁸ The July 1, 2001, US population estimate by the Census Bureau is: 284,796,887. The per capita consumer debt (credit card plus mortgage debt) based on the numbers cited above would be \$24,889. While most statisticians do not include home mortgage debt when defining consumer debt, it is, nonetheless a substantial and real burden borne by individual Americans.

¹⁹ HRC webpage

²⁰ Id.

²¹ Cite AB 205 Study.

²² Cite AB 205 Study.

²³ See, Gary J. Gates, The Urban Institute, Domestic Partner Benefits Won't Break the Bank, (April 2001).

²⁴ M.V. Lee Badgett, Calculating Costs with Credibility: Health Care Benefits for Domestic Partners, 5 ANGLES 1, 1- 8(Institute for Gay and Lesbian Strategic Studies 2000).

²⁵ Telephone interview with Pamela Schneider, CalPERS Office of Government Affairs, (May 21, 2003).

²⁶ California Size of Business Report, 2001, Table 1, Number of Businesses, Number of Employees, and Third Quarter Payroll by Size of Business, State of California, Third Quarter, 2001.

²⁷ The Office of the Secretary of State has estimated these costs at \$50,000. That AB 205 will result in very little administrative costs is supported by a study of the impact of Vermont's similar civil union legislation on State agencies in Vermont. Vermont Office of the Legislative Council, Report of the Vermont Civil Union Review Commission, at 8-9 (2002)("some agencies were assigned specific obligations by the act, and this necessitated additional staff time and resources, yet these obligations were met without requiring additional staffing or funding. Time and resources dedicated to civil unions by agencies were concentrated during the first six months after enactment, and has dropped significantly since.").