



Economic Benefits from Same-Sex Weddings in New Jersey

DECEMBER 2006



the
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SUMMARY

Weddings are a lucrative business, creating jobs and tax revenue in the United States. The wedding industries have seen a new market emerge for same-sex couples, a market enhanced by recent policy decisions to give marriage or marriage-like rights to same-sex couples. Forbes Magazine predicted that weddings of same-sex couples could become a billion dollar-per-year industry.¹

As a result, scholars have predicted that the first state that allows out-of-state same-sex couples to marry would experience an economic boom in wedding-related sectors of the economy and increase tax revenues in its coffers.² This study estimates the potential economic impact of same-sex weddings on the State of New Jersey and concludes that the gain would be substantial. If New Jersey were to give same-sex couples the right to marry, that is marriage itself and not civil unions, the State would likely experience a surge in spending on weddings by same-sex couples who currently live in New Jersey, as well as an increase in wedding and tourist spending by same-sex couples from other states. The analysis outlined in detail below predicts that sales by New Jersey's wedding and tourism-related businesses would rise by \$102.5 million in each of the first three years when marriage for same-sex couples is legal. As a result, the State's gross receipt tax revenues would rise by \$7.2 million per year.

The recent experiences of San Francisco, California, and Portland, Oregon, suggest that the local economic benefits of same-sex weddings are real and large. The couples who married in San Francisco during a one-month window of availability in 2004 came from 46 states and eight countries.³ Businesses in Portland⁴ and San Francisco⁵ reported that same-sex wedding visitors spent substantial amounts of money on wedding-related goods and services. Furthermore, Massachusetts witnessed increased demand for hotels, catering services, and other wedding-related goods and services when same-sex couples began to marry there in May 2004.⁶ One study estimates that, if Massachusetts permitted out-of-state same-sex couples to marry, it would experience new spending in excess of \$100 million.⁷

As of today, New Jersey would have no competition from other states for these visitors since Massachusetts does not currently allow out-of-state same-sex couples to marry there.⁸ Even if other states eventually allow same-sex couples to marry, New Jersey would likely remain a prime destination for same-sex couples on the east coast. New Jersey is within a short driving range of several cities with concentrations of same-sex couples, suggesting that the state would retain appeal for out-of-state same-sex couples.

To estimate potential wedding expenditures by in-state and out-of-state same-sex couples, the study first estimates the number of couples who might marry using Census 2000 data on

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unmarried same-sex partners in New Jersey and other states. Multiplying the number of couples by figures on tourist and wedding spending gives an estimate of total spending by same-sex couples. Finally, that surge in spending would benefit the state budget since the state would tax those expenditures at the 7% sales tax rate; an additional hotel occupancy fee, ranging from 1% to 5% depending on the location, would also apply. Local jurisdictions sometimes have their own sales tax and occupancy tax, but here we focus only on tax revenues accruing to the State.⁹

TOURISM AND WEDDING SPENDING BY OUT-OF-STATE COUPLES

According to the New Jersey Commerce, Economic Growth & Tourism Commission, the states that send the most visitors to New Jersey are New York, Pennsylvania, Maryland, New Hampshire, Massachusetts, Connecticut, Virginia, North Carolina, and Florida, accounting for almost 93% of the state's visitors.¹⁰ Massachusetts allows same-sex couples to marry and Connecticut allows same-sex couples to enter into civil unions, probably reducing the interest of couples in those states in traveling to New Jersey to marry. However, the other seven states do not recognize same-sex partnerships and, according to Census 2000, those states have a total of almost 153,000 cohabiting same-sex couples. Based on Massachusetts' experience with marriages of same-sex couples, we predict that half of the same-sex unmarried partners in these states will wish to marry over the first three years after the policy change.¹¹ That means that approximately 76,000 same-sex couples from these seven states will wish to marry. Because they cannot marry in their home states, these couples would have to travel to New Jersey to do so.

Of course, the need to travel out-of-state and the fact that their home state may not recognize a New Jersey marriage may deter some same-sex couples from coming to New Jersey to marry, but this study compensates for those deterrents in two ways. First, we focus on the seven states where the travel deterrent would be the least - states that already send a large number of tourists to New Jersey and are mostly within short driving distance of New Jersey. Second, we assume that only half of the couples in those states who will wish to marry, or 25% of the total identified in Census 2000, will actually travel to New Jersey to marry. Third, we assume that only 5% of couples from the other 42 states (including the District of Columbia but not including Massachusetts) would travel to New Jersey to marry. We include California, Vermont, and Connecticut in the 5% estimate because some same-sex couples in those states would likely choose to marry because civil unions and domestic partnership lack the full legal and cultural meaning of marriage. Table 1 below shows the breakdown of visitors by state.

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| State | Number of Same-Sex Couples | Number of Same-Sex Couples Traveling to New Jersey to Marry (25% for named states, 5% for “Other 41 states and D.C.”) |
|--------------------------|----------------------------|---|
| New York | 46,490 | 11,623 |
| Pennsylvania | 21,166 | 5,292 |
| Maryland | 11,243 | 2,811 |
| Virginia | 13,802 | 3,451 |
| N. Carolina | 16,198 | 4,050 |
| Florida | 41,048 | 10,262 |
| New Hampshire | 2,703 | 676 |
| Other 41 states and D.C. | 408,038 | 20,402 |
| Total | | 58,564 |

Table 1: Out-of-state same-sex couples who would travel to New Jersey to marry

Source: U.S. Census 2000

To arrive at the average tourist spending per out-of-state couple, we use tourism data on New Jersey that estimated average daily spending per person at \$105, including all expenses (lodging, meals, retail shopping, entertainment, and any other spending related to the visit).¹² Because New Jersey requires a 72-hour waiting period between applying for and receiving a marriage license,¹³ we expect visiting couples from distant locations to stay at least three days. Therefore, we estimate that those distant out-of-state couples will spend an average of \$630 on basic expenses. Because of the proximity of Pennsylvania and New York, we assume that couples from those states will return home during the waiting period and will not spend money on these tourist expenses.

The second source of spending comes from wedding expenditures, including spending on ceremonies, meals, parties, transportation, flowers, photographers, and other expenses. According to The Wedding Report, a wedding industry research group, the average cost of a wedding in New Jersey is \$35,460.¹⁴ We assume that out-of-state same-sex couples would spend less than is spent on a traditional wedding, but that they would spend more than typical tourists on special accommodations, meals, clothing, flowers, and gifts. We also expect additional spending by friends or family members who might accompany the couple, which is spending not included in the average wedding cost. Therefore, we conservatively assume that the additional wedding spending is one-tenth of the typical wedding expense, or \$3,546.

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For couples from New York and Pennsylvania, we estimate wedding spending as \$3,546 per couple, and for couples from more distant states, we estimate spending as \$4,176 per couple. The first few lines of Table 2 show those figures multiplied by the number of couples from Table 1. The total spending by these 58,000 couples would be \$233.9 million.

Because couples would need to make travel and wedding plans in advance, we can reasonably expect this increase in spending and tax revenue to be realized over time. While the largest number of weddings is likely to occur in the first year that same-sex couples can marry, we expect that the total benefit would accrue over a longer period of time, perhaps over the first three years. The increase in spending by out-of-state couples spread over three years is \$78 million per year.

| State group | Couples coming to NJ to marry | Spending per couple | Total spending per state group |
|-------------------------------|-------------------------------|---------------------|--------------------------------|
| NY and PA | 16,914 | \$3,546 | \$60.0 million |
| Distant tourism feeder states | 21,249 | \$4,176 | \$88.7 million |
| Other states | 20,402 | \$4,176 | \$85.2 million |
| Total out-of-state | | | \$233.9 million |
| New Jersey | 8,302 | \$8,865 | \$73.6 million |
| Total | | | \$307.5 million |

Table 2: Expenditures on weddings in New Jersey by same-sex couples

WEDDING SPENDING BY IN-STATE COUPLES

According to Census 2000, New Jersey has 16,604 resident same-sex couples. Again we assume that 50% will marry if given the option. These 8,300 in-state couples are likely to have larger celebrations and spend more than out-of-state couples because their friends and family are more likely to be local. However, since some of these couples may already have had commitment ceremonies, spending may be less than the typical wedding. Also, due to societal discrimination, same-sex couples may receive less financial support from their parents and other family members to cover wedding costs. Finally, 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. Accordingly, we assume that same-sex couples will spend only 25% of the average amount, or just under \$9,000. The total for all 8,300 couples would come to \$73.6 million in additional wedding spending over three years, or \$24.5 million per year.

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ADDITIONAL TAX REVENUE

The State of New Jersey will directly benefit from this increased spending through the state retail sales tax. (Local governments may also benefit from their add-on to the sales tax and from additional occupancy taxes.) Taxed at the standard sales tax rate of 7%, the \$307.5 million in wedding spending by all same-sex couples will generate approximately \$21.5 million in tax revenue, with \$5.15 million from in-state couples and \$16.37 million from out-of-state couples. Over the first three years, the projected increase in sales tax revenues would be \$7.2 million per year. Tax revenue could well be higher, depending on how much of this spending is for hotel accommodations, which are taxed at a higher rate.

Sales taxes only capture the most direct tax impact of increased tourism. Businesses and individuals will also pay taxes on their wedding-generated earnings, providing a further boost to the state budget.

CONCLUSION

Even with a conservative set of assumptions about spending, same-sex couples' weddings would add significantly to the New Jersey economy and state budget. This study does not add in the possible indirect effects that occur as weddings put money in the pockets of workers and business owners, who then spend their earnings on other goods and services, creating what is known as the "multiplier effect."

The direct effects alone of weddings by same-sex couples are substantial, with added spending of approximately \$102.5 million for at least the first three years. That spending would likely create new jobs, higher wages, and higher business profits, as well as \$7.2 million per year in additional tax revenue for the state. Opening up marriage to same-sex couples would mean opening up new growth opportunities for the state's economy that no other state has yet claimed.

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Notes

- ¹Aude Lagorce, *The Gay Marriage Windfall: \$16.8 Billion*, FORBES ONLINE, Apr. 4, 2004, available at http://www.forbes.com/commerce/2004/04/05/cx_al_0405gaymarriage.html (last visited Mar. 21, 2005).
- ²Jennifer Gerarda Brown, *Competitive Federalism and the Legislative Incentives to Recognize Same-Sex Marriage*, 68 S. CAL. L. REV. 745 (1995); *How Will Same-Sex Marriage Affect Hawaii's Tourism Industry?: Hearing Before the Commission on Sexual Orientation and the Law*, 1995 Leg., 18th Sess. (Haw. 1995) (testimony of Summer Lacroix & James Mak) For an analysis of the Vermont situation, see M. V. LEE BADGETT, INST. FOR GAY & LESBIAN STRATEGIC STUDIES, THE FISCAL IMPACT ON THE STATE OF VERMONT OF ALLOWING SAME-SEX COUPLES TO MARRY 1 (1998), <http://www.iglss.org/media/files/techrpt981.pdf> (last visited Mar. 9, 2005).
- ³Mabel S. Teng, San Francisco Assessor-Recorder, Demographics Breakdown Of Same Gender Marriages slides 2-3 (2004), available at <http://www.alicebtoklas.org/abt/samesexmarriagestats.ppt> (last visited Dec. 7, 2005).
- ⁴See Helen Jung, *Gay Marriages May Bring Joy to Tourism*, OREGONIAN, Mar. 5, 2004, at D1. Joe D'Alessandro, president of the Portland Oregon Visitors Association, is quoted as saying that same-sex marriage has provided an "economic boost" to Portland as same-sex couples and their families fly in for weddings. *Id.* David Sarasohn also quotes D'Alessandro as saying, "It's definitely having a positive impact, because more people are coming to Portland." *Gay Marriage, Tourism: A Package Deal*, OREGONIAN, Apr. 11, 2004, at C4. "They fly in, sometimes with families, friends, children, whatever. I've talked to the hotel people, and they say they've seen an increase in gay and lesbian customers." *Id.*
- ⁵See Jung, *supra* note 4 (reporting that hotels in Vancouver had atypically high bookings and Macy's department store ran out of wedding rings during the month that San Francisco let same-sex couples marry); Heather Knight, *Windfall in Castro: 'Giddy' Newlyweds Have Been Boon For S.F. Neighborhood*, S.F. CHRON., Feb. 18, 2004, at A1 (reporting that same-sex marriages were "great for businesses as newlyweds throw their money at the neighborhood's florists, jewelry stores, liquor shops, bookstores and photo processors."); Laura Bly, *Localities Cash in on Same-Sex Marriages*, USA TODAY, Feb. 27, 2004 at 1D; see also Dean E. Murphy, *San Francisco Toasts Gay Weddings*, N.Y. TIMES, Feb. 29, 2004, at 3.
- ⁶See, e.g., Thea Singer, *Three Swank Cities are Becoming Marriage Meccas for Gay Couples*, BOSTON HERALD, Mar. 22, 2004, at 27 (reporting that wedding-related businesses such as hotels, banquet halls, florists, and jewelers, in Boston, Cambridge, and Northhampton have seen "an upsurge of 10 to 100 percent in inquiries and bookings from gay couples" looking to marry); see also Marie Szaniszló, *P'town Set for Gay-Wed Rush*, BOSTON HERALD, Apr. 11, 2004, at 10 and Douglas Belkin, *Wedding Bell Bonanza Tourism, Marriage Industry Foresee Boom in Same-Sex Nuptials*, BOSTON GLOBE, Feb. 26, 2004, at 1.
- ⁷Singer, at 27.
- ⁸Shortly after same-sex marriage became legal in Massachusetts, Governor Mitt Romney ordered clerks to comply with a 1913 Massachusetts law that makes it illegal for out-of-state couples to enter into a marriage that would not be legal in their own state. See, e.g., Pam Belluck, *Romney Won't Let Gay Outsiders Wed in Massachusetts*, N.Y. Times, April 25, 2004, § 1, at 1.
- ⁹New Jersey Division of Taxation, "New Jersey Sales Tax Guide," Bulletin S&U-4, Revised April 2006, p. 2 and p. 23, <http://www.nj.gov/treasury/taxation/pdf/pubs/sales/su4.pdf> (last visited July 13, 2006).
- ¹⁰D.K. Shifflet & Associates, Ltd., "New Jersey: 2005p Visitor Profile," April 2006. <http://www.state.nj.us/travel/industry/PDFs/fy2005p-nj-visitor-profile.pdf>, (last visited July 13, 2006).
- ¹¹In Massachusetts, 17,099 same-sex couples identified themselves in Census 2000. Tavia Simmons & Martin O'Connell, United States Census Bureau, *Married-Couple and Unmarried-Partner Households: 2000*, at page 4, table 2 (2003). In the first two years that same-sex couples were allowed to marry, 8,171 couples did so, or 48% of the count of same-sex couples in Massachusetts. Dan Ring, *8,100 gay, lesbian couples marry after 2004 decision*, The Republican, May 17, 2-6, available at <http://mass.live.advance.net/news/topstories/index.ssf?/base/news->



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¹²D.K. Shifflet & Associates, Ltd., *op cit.*, p. 77. See note 8.

¹³New Jersey Permanent Statutes 37:1-4.

¹⁴The Wedding Report, “New Jersey: Wedding Statistics and Wedding Market Estimates,” *available at* <http://www.theweddingreport.com/wmdb/index.cfm?action=db.viewDetail&type=state&location=34>, (last visited Nov. 20, 2006).