

Estimating the Economic Boost of Marriage for Same-Sex Couples in Colorado



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Executive Summary

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

- We predict that **6,212 in-state same-sex couples would choose to marry in the three years** following an opening of marriage to same-sex couples in Colorado.
- The total spending on wedding arrangements and tourism by resident same-sex couples and their guests would add an estimated **\$50 million to the state and local economy** of Colorado over the course of three years, with a **\$32 million boost in the first year alone**.
- This economic boost would likely **add \$3.7 million in tax revenue** to state and local coffers, with an estimated **\$2 million occurring in the first year**.
- Spending related to same-sex couples' wedding ceremonies and celebrations would support **436 full- and part-time jobs** in the state.
- Although in-state couples in existing marriages and civil unions may spend less on weddings than couples that do not have that status, we conclude that spending by out-of-state couples who choose to marry in Colorado will offset the impact of reduced wedding spending by couples already in marriages or civil unions. However, even if we do not account for spending by out-of-state couples and we assume that couples in existing civil unions and marriages spend nothing on their weddings, we would still expect an economic boost of \$32 million to the state and local economy of Colorado and \$1.4 million in state and local tax revenue.

Introduction

If the State of Colorado grants same-sex couples the right to marry, we predict that the State will see a surge in spending related to weddings by same-sex couples who currently reside in Colorado, as well as an increase in tourism spending by wedding guests from other states. This increase in spending would benefit Colorado's wedding and tourism-related businesses and would generate additional tax revenue for state and local coffers.

In this report, we estimate the size of the impact on Colorado'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 Colorado, state tourism reports, U.S. Census 2010 data on same-sex couples, along with data regarding marriage expenses incurred 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 Colorado, the state's wedding and tourism-related businesses would see spending rise by \$32 million to \$50 million. As a result, state and local tax revenues would rise by \$2.4 million to \$3.7 million.

In-State Couples

In order to assess the economic impact of opening marriage to same-sex couples in Colorado, we must first calculate the number of same-sex couples who will marry. According to U.S. Census 2010, Colorado has 12,424 resident same-sex couples.¹ We draw upon the experiences 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 Colorado. 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 Accordingly, we predict that half of the same-sex couples in Colorado would marry in the first three years.

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.⁴ Therefore, we predict that in Colorado 64% of 6,212 same-sex couples would

marry in the first year (Year 1), or 3,976 couples. An additional 21% would marry in the second (Year 2), bringing the total to 85% of 6,212, or 5,280 couples. And finally, all 6,212 couples would be married by the end of the third year (Year 3) (Table 1).

Wedding Spending

According to *The Wedding Report*, the average spending on weddings in Colorado in 2012 was \$26,053.⁵ 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 estimate here 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 \$6,513 per wedding.

Using this figure, the calculated total for the estimated 6,212 resident couples sums to \$40.5 million in additional wedding spending for the first three years (Table 1).

Out-of-State 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-town guests.⁷ In order to estimate the out-of-state guest spending, we use the per diem allowance for meals and lodging set forth by the U.S. General Services Administration (GSA). The GSA's per diem allowance rates are used by federal government agencies to reimburse their employees' business-related travel expenses.⁸ For the 2013-2014 fiscal year, the GSA's state-wide average per diem rate for lodging in Colorado is \$95⁹ and the state-wide average per diem rate for meals is \$52.¹⁰

We assume that same-sex couples who are residents of Colorado will have a similar count of 16 out-of-state guests at their ceremonies as indicated in the Massachusetts survey. We assume that each of these guests will spend the average GSA per diem rate for meals for a one day visit. We further assume that guests will share a room and stay for one night.

Based on these assumptions, the total estimate for out-of-state guests for weddings of resident same-sex couples is calculated to be 99,392 people, leading to additional tourism expenditures of almost \$10 million (Table 1).

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 Colorado to allow same-sex couples to marry would result in approximately \$50 million in additional spending on weddings and tourism in the state.

According to a 2014 report by the Tax Foundation, the State of Colorado imposes a sales tax of 2.90%.¹¹ Additionally, localities in Colorado impose an average sales tax rate of 4.49%. Thus, the average combined state and local sales tax burden of 7.39%.¹² We use this average percentage as the combined state and local tax rate when calculating our figures.

By applying the various tax percentages to the categories in Table 1, we estimate that the overall spending boost will generate approximately \$3.7 million in tax revenue for state and local governments in the first three years same-sex couples may marry (Table 2).

Although a further breakdown distinguishing state and local tax revenue is difficult to calculate due to the varying combined tax burdens across the cities and counties of Colorado, we estimate that local sales taxes will provide an estimated \$2.3 million of tax revenue directly to local governments (Table 3).

For a conservative total tax revenue estimate, we have not included tax revenue gained from lodging-specific taxes that vary across the state. Lodging taxes, where applied, can add several percentage points to the local tax rate. For example, Denver imposes a lodging tax of 10.75%.¹³ Accounting for lodging taxes would increase the estimate of total revenue collected by local governments.

Impact of Out-of-State Couples, Existing Marriages, and Civil Unions

Our estimate does not take into account the impact of same-sex couples from other states who travel to Colorado to marry, or the impact of existing marriages and civil unions among Colorado's same-sex couples.

Out-of-state couples traveling to Colorado to marry would generate spending on wedding-related goods and services and, most likely, on tourist-related goods and services. By contrast, Colorado couples who have already married elsewhere or are in existing civil unions may choose to convert their civil union or out-of-state marriage to a marriage in Colorado without significant spending on a wedding ceremony or celebration.

We do not have enough data to predict exactly how many couples from other states would travel to Colorado to marry or to predict how

many same-sex couples in Colorado are already married or in a civil union. However, based on available data from other states, we conclude that spending by out-of-state couples who choose to marry in Colorado will offset the impact of existing marriages and civil unions.

A recent Williams Institute study indicates that same-sex couples will travel from out of state to marry if they cannot marry in their home state, as seen in the experiences of several states.¹⁴ For example, of the total number of marriages by same-sex couples during the first year following the Iowa Supreme Court decision in *Varnum v. Brien*, 866 couples who married were Iowa residents and 1,233 couples were non-residents. Notably, the top five contributors of non-resident same-sex couples were surrounding states in the Midwest. Media reports suggest that these out-of-state couples have generated notable tourism and wedding related spending in other states.¹⁵

According to a 2012 Colorado travel report, the five states that send the most visitors to Colorado are California, Texas, Arizona, Florida, and Utah.¹⁶ Of these states, only California currently allows same-sex couples to marry.¹⁷ The total number of same-sex couples within the five states (not including California) that send the most visitors to Colorado is 114,617.¹⁸ Further, only one of the seven states bordering Colorado—New Mexico—currently allows

same-sex couples to marry.¹⁹ It is likely that if Colorado opens marriage to same-sex couples, and if it issues licenses to both in-state and out-of-state same-sex 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.

If even only two percent of the same-sex couples from the top five states that send the most visitors to Colorado choose to travel to Colorado to marry, the spending impact of these guests will likely offset the impact of existing marriages and civil unions.

Recent data suggest that the number of Colorado couples who have married in other states is small. For example, only 20 same-sex couples from Colorado had married in Iowa by 2010.²⁰

Other data suggests that, on average, the take-up rate for civil unions in the first year that they are available to same-sex couples is 18%.²¹ Applying the average first-year take-up rate to the number of same-sex couples in Colorado indicates that 2,236 same-sex couples in Colorado may already be in a civil union or will enter one within the next month.²² This number is smaller than two percent of the same-sex couples who live in the five states that send the most visitors to Colorado (2,292).

Even if we do not count out-of-state couples and conservatively assume that the estimated 2,236 couples in civil unions spend no money on a wedding ceremony or celebration, we estimate that the state will still experience an economic boost of \$32 million to the state and local economy and \$1.4 million in state and local sales tax revenue over the first three years that marriage is available to same-sex couples (Table 1 & Table 2).

Further Impacts

The economic impact of same-sex couples' wedding ceremonies and celebrations is more far reaching than just the effects on local businesses and state and local sales tax receipts. For example, a surge in spending in the state can generate employment opportunities for Colorado residents. According to a report on the economic impact of tourism in Colorado in 2012, 144,600 full- and part-time jobs were supported by \$16.7 billion in spending in the state.²³ Thus, we calculate that for every \$115,491 spent in Colorado, one job will be generated. Based on our estimate that spending related to same-sex couples' weddings in Colorado will boost the economy by \$50 million in the first three years, we conclude that extending the right to marry to same-sex couples would generate approximately 436 new jobs for Colorado residents.²⁴

Conclusion

In this study, we have drawn on information regarding marriage spending by same-sex couples in other states, along with Colorado wedding expenditure and tourism data, to estimate the economic boost if Colorado extends the right to marry to same-sex couples. Our calculations indicate that the total spending on wedding arrangements and tourism by same-sex couples and their guests would be approximately \$50 million over three years, with about \$32 million in the first year alone. We estimate that total economic boost over three years would generate about \$3.7 million in tax revenue for the state and various localities.

It is important to note that also allowing out-of-state same-sex couples the opportunity to wed will likely result in further economic gains for Colorado businesses. This impact would then translate into additional increased tax revenue for the state and local budgets.

Finally, we note that sales taxes only capture the most direct tax effects of increased tourism and wedding expenditures. Businesses and individuals also pay taxes on the new earnings generated by wedding spending, providing a further boost to the state budget

Table 1. Colorado 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	3,976	1,304	932	6,212
Wedding Spending	\$25,895,688	\$8,492,952	\$6,070,116	\$40,458,756
Out-of-Town Wedding Guests	63,616	20,864	14,912	99,392
Out-of-Town Guest Spending	\$6,329,792	\$2,075,968	\$1,483,744	\$9,889,504
TOTAL SPENDING- HIGH END	\$32,225,480	\$10,568,920	\$7,553,860	\$50,348,260
# of possible couples in civil unions marrying without ceremony	2,545	835	596	3,976
Deduction for possible couples in civil unions marrying without ceremony (including wedding spending and guest spending)	\$11,598,255	\$3,801,245	\$2,723,280	\$18,122,780
TOTAL SPENDING- LOW END	\$20,627,225	\$6,767,675	\$4,830,580	\$32,225,480

Table 2. Tax Revenue from Wedding Spending and Tourism by Resident Same-Sex Couples and their Guests

TAX REVENUE	Year 1	Year 2	Year 3	Total
Wedding Spending	\$25,895,688	\$8,492,952	\$6,070,116	\$40,458,756
Tax Revenue from Wedding Spending	\$1,913,691	\$627,629	\$448,582	\$2,989,902
Out-of-Town Guest Spending	\$6,329,792	\$2,075,968	\$1,483,744	\$9,889,504
Out-of-Town Guest Tax Revenue	\$467,771	\$153,414	\$109,649	\$730,834
TOTAL TAX REVENUE- HIGH END	\$2,381,463	\$781,043	\$558,230	\$3,720,736
Deduction for possible couples in civil unions marrying without a ceremony (including wedding spending and guest spending)	\$11,598,255	\$3,801,245	\$2,723,280	\$18,122,780
Deduction in taxes for possible couples in civil unions marrying without ceremony	\$857,111	\$280,912	\$201,250	\$1,339,273
TOTAL TAX REVENUE- LOW END	\$1,524,352	\$500,131	\$356,980	\$2,381,463

Table 3. Tax Revenue by Type of Tax

TAX REVENUE	State Sales Tax (2.9%)	Various Local Sales Taxes (4.49%)²⁵	Total
TOTAL- HIGH END	\$1,460,099	\$2,260,637	\$3,720,736
TOTAL- LOW END	\$934,539	\$1,446,924	\$2,381,463

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Endnotes

¹ Gates, Gary J. & Cooke, Abigail M., *Colorado Census Snapshot: 2010* (The Williams Institute, 2011), available at http://williamsinstitute.law.ucla.edu/wp-content/uploads/Census2010Snapshot_Colorado_v2.pdf.

² Data reveals 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* (The Williams Institute, 2011).

⁴ Ibid.

⁵ The Wedding Report. (2012). *Colorado – (State) Complete Market Report*. Retrieved from <http://www.theweddingreport.com/wmdb/index.cfm?action=db.viewdetail&t=s&lc=08&setloc=y>.

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). Retrieved from <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 The per diem lodging rates are based on Average Daily Rate data from lodging properties that meet the GSA's criteria. The per diem meal rates are based on data received from restaurants. More information about the GSA's per diem rates is available at <http://www.gsa.gov/portal/content/104208#4>.

⁹ To calculate the average per diem for lodging in Colorado, we first averaged the monthly per diems for each locality in the state with a specified rate over the course of a year to get the annual per diem for each specified-rate locality. Next, we calculated a state-wide per diem rate by averaging the annual per diem for each specified-rate locality (weighted by percentage of the state's adult population in each locality) and all localities where the standard, national per diem rate applies (weighted by the percentage of the state's adult population in the areas where the standard rate applies). U.S. Gen. Svcs. Admin. (2014). *FY 2014 Per Diem Rates for Colorado*. Retrieved from <http://www.gsa.gov/portal/category/100120>

¹⁰ The per diem average for meals in Colorado was calculated by averaging the meal per diems for each locality with a specified rate (weighted by percentage of the state's adult population in each locality) and all localities where the standard, national rate applies (weighted by the percentage of the state's adult population in the areas where the standard rate applies). Ibid.

¹¹ Tax Foundation. (2014). *State and Local Sales Tax Rates in 2014*. Retrieved from <http://taxfoundation.org/article/state-and-local-sales-tax-rates-2014>

¹² Ibid.

¹³ City and County of Denver, Colo. Tax Guide: Topic No. 52, Lodger's Tax. Retrieved from <https://www.denvergov.org/Portals/571/documents/TaxGuide/Lodger%27s%20Tax.htm>.

¹⁴ 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/>

¹⁵ Bly, Laura. (2004, February 26). Localities Cashing in on Same-Sex Marriages. *USA Today*. Retrieved September 6, 2011, from http://www.usatoday.com/travel/news/2004-02-26-same-sex-marriage_x.htm (See also <http://www.businessweek.com/magazine/a-gay-wedding-windfall-for-new-york-10202011.html>). 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/>.

¹⁶ Longwoods Int. (2013). *Colorado Travel Year 2012*. p. 107. Retrieved from <http://www.colorado.com/sites/colorado.com/master/files/2012Visitor%20FinalReportonline.pdf>

¹⁷ *Hollingsworth v. Perry*, 570 U.S. ___ (2013). Additionally, a federal district court judge in Utah ruled that the state's ban on same-sex marriages violates the U.S. Constitution. However, the decision was stayed pending appeal, so same-sex couples are not currently permitted to marry in the state. *Kitchen v. Herbert*, No. 2:13-cv-217 (D. Utah Dec. 20, 2013); *Herbert v. Kitchen*, 571 U.S. ___ (Jan. 6, 2014) (order granting stay).

¹⁸ Gates, Gary J. & Cooke, Abigail M. (2011). *Arizona Census Snapshot: 2010; Florida Census Snapshot: 2010; Texas Census Snapshot: 2010; Utah Census Snapshot: 2010*. Retrieved from <http://williamsinstitute.law.ucla.edu/>

¹⁹ *Griego v. Oliver*, No. 34,306 (N.M. Dec. 19, 2013). Additionally, a federal district court judge in Utah ruled that the state's ban on same-sex marriages violates the U.S. Constitution. However, the decision was stayed pending appeal, so same-sex couples are not currently permitted to marry in the state. *Kitchen v. Herbert*, No. 2:13-cv-217 (D. Utah Dec. 20, 2013); *Herbert v. Kitchen*, 571 U.S. ___ (Jan. 6, 2014) (order granting stay).

²⁰ *Ibid.*

²¹ Badgett, M.V. Lee & Herman, Jody L. *Patterns of Relationship Recognition by Same-Sex Couples in the United States* (The Williams Institute, 2011).

²² Civil unions have been available to same-sex couples in Colorado since May 1, 2013. Meyer, Jeremy P. *Denver Post*. (2013, April 23). *Civil Union Ceremonies Scheduled to Begin at Midnight May 1 in Denver*. Retrieved from http://www.denverpost.com/ci_23089926/civil-union-ceremonies-scheduled-begin-at-midnight-may?source=pkg

²³ Dean Runyan Assoc. (2013). *Colorado Travel Impacts: 1996-2012*. p. 6. Retrieved from http://www.deanrunyan.com/doc_library/COImp.pdf

²⁴ These employment figures were generated by using the tourism expenditures of the out-of town guests.

²⁵ Tax Foundation. (2014). *State and Local Sales Tax Rates in 2014*. Retrieved from <http://taxfoundation.org/article/state-and-local-sales-tax-rates-2014>.