

Estimating the Economic Boost of Marriage Equality in Delaware



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May 2013

Executive Summary

Currently, same-sex couples are not allowed to marry in Delaware. However, should the state choose to allow those couples to marry in the future, 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 some state and local tax revenue.

- We predict that approximately **767 in-state same-sex couples would choose to marry in the three years** following an opening of marriage to same-sex couples in Delaware.
- The total spending on wedding arrangements and tourism by resident same-sex couples and their guests would add an estimated **\$7 million to the state and local economy** of Delaware over the course of three years, with a **\$4.5 million boost in the first year alone**.
- The conservative, low-end estimates included in this report account for Delaware couples that may have traveled to other states to marry and those same-sex couples that entered civil unions in the state since January 2012.
- For our low-end estimates, approximately 202 in-state same-sex couples would choose to marry in the first three years, adding an estimated \$1.8 million to the state and local economy of Delaware.
- Tourism spending related to these weddings will generate at least \$55,000 - \$210,000 in additional state and local tax revenue.
- This report does not include spending estimates for out-of-state same-sex couples that might travel to Delaware in order to marry, spending additional funds on wedding planning and tourism during their brief stay.

Introduction

If the State of Delaware 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 Delaware, as well as an increase in tourism spending by wedding guests from other states. This increase in spending would benefit

Delaware's wedding and tourism-related businesses. Although Delaware does not impose a sales tax on purchases in the state, we predict benefits would be generated for state and local governments through the use of other taxes, such as the gross receipts tax levied on businesses.

In this report, we estimate the size of the impact on Delaware's businesses and on state 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 Delaware for 2012, tourism information from 2011, U.S. Census 2010 data on same-sex couples, and data regarding marriage expenses by same-sex couples in other states.

Based on the analysis set forth in detail below, we predict that in the first three years that same-sex couples are permitted to marry in Delaware, the state's wedding and tourism-related businesses would see spending rise by \$7 million.

In-State Couples

In order to assess the economic impact of opening marriage to same-sex couples in Delaware, we must first calculate the number of same-sex couples who will marry. According to U.S. Census 2010, Delaware has 2,646 resident

same-sex couples.¹ We draw upon the experience of other states that have permitted marriage between individuals of the same-sex to estimate the number of same-sex couples who might elect to enter a marriage in Delaware. 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 Delaware would marry in the first three years. However, we must also account for the Delaware couples that may have married in other states. Delaware is situated adjacent to Maryland and near other New England states that currently allow marriage for same-sex couples. We use data from a Williams Institute study of same-sex couples to help us estimate how many Delaware couples married elsewhere.⁴ Before New York and Maryland opened marriage to same-sex couples, data indicate that 21% of the same-sex couples in those two states had already entered into marriages in other jurisdictions.⁵ We assume that a similar proportion of Delaware same-sex couples, or 556 couples, are already married. Therefore, we estimate that a total of 767 marriage licenses will be issued to same-sex

couples in the first three years following the opening of marriage in the State of Delaware.

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.⁶ Therefore, we predict that in Delaware, 64% of 767 same-sex couples would marry in the first year (Year 1), or 491 couples. An additional 21% would marry in the second (Year 2), bringing the total to 85% of 767, or 652 couples. And finally, all 767 couples would be married by the end of the third year (Year 3).

Existing Civil Unions

Another source of uncertainty about the number of couples who would marry comes from the availability of civil unions. In this report, we take into account the fact that couples in existing civil unions might have different spending patterns from couples that do not have that status. As we describe below, this adjustment procedure relies on the most recent civil union data available, and from various sources.

Unlike other states such as Illinois, the State of Delaware only offers civil union licenses to same-sex couples. In addition, there are only three counties in Delaware: Kent County, New Castle County and Sussex County. It is reported that a total number of 565 same-sex couples entered a civil union in Delaware between January 1, 2012 and December 31, 2012.⁷ According to data provided by officials in Sussex County, 243 of the total 565 civil union licenses were issued in Sussex County alone.⁸

The wedding and tourism spending estimates provided in our report account for the 565 existing same-sex couples in civil unions by calculating a range of spending figures which include low-end and high-end estimates.

For our low-end estimate of spending, we conservatively assume that each couple currently in a civil union would marry or convert their union into a marriage without significant spending on a wedding ceremony and celebration. We subtract these couples from each of our three-year marriage estimates, applying the same percentages from the previous section. Thus, the total number of marriages by same-sex couples will drop to 202, with 129 performed in the first year (Year 1), 42 in the second year (Year 2) and 30 in the third year (Year 3).

For our high-end estimate, we assume that all couples currently in a civil union would marry

with a ceremony and celebration, spending the same amount as other couples. Thus, this estimate will include all 767 same-sex couples in the calculations for total wedding spending and guest tourism figures.

Wedding Spending

According to *The Wedding Report*, the average spending on weddings in Delaware in 2012 was \$26,297.⁹ 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.¹⁰ Accordingly, we assume that same-sex couples will have spent just over \$6,574 per wedding. Using this figure, the calculated total for the estimated 767 couples sums to \$5 million in additional wedding spending for the first three years. For our low-end estimate of 202 couples, the total wedding spending sums to \$1.3 million for the first three years.

Out-of-Town Guests

In 2008, a report based on the Health and Marriage Equality in Massachusetts Survey indicated that Massachusetts same-sex weddings included an average of 16 out-of-town guests.¹¹ A Delaware report on the economic impact of tourism lists average per diem expenditures for visitors to the state as \$104 per guest.¹² This figure includes transportation, food, shopping and entertainment. The Hotel Price Index 2010 indicates that the average hotel price in Delaware was \$109 per night.¹³ We assume that guests come in pairs, adding \$55 to the daily expenditure figure of \$104 per guest in order to include all guest expenses for a total of \$159.

We assume that same-sex couples who are residents of Delaware will have a similar count of 16 out-of-town guests at their ceremonies as indicated in the Massachusetts survey and that each of these guests will spend the \$159 amount calculated above for a one day visit. The total estimate for out-of-town guests for weddings of resident same-sex couples is calculated to be 12,272 people, leading to additional tourism expenditures of \$2 million. For our low-end estimate, we calculate a total of 3,237 out-of-town guests, thus lowering the additional tourism expenditures to \$510,000.

Tax Revenue

Although Delaware does not impose a sales tax on purchases in the state, there will be a benefit

from this increase in spending through the gross receipts tax, which varies by type of business, and other tax sources. In order to estimate the benefits to state and local governments, we use Delaware tourism data from 2011 indicating 10.8% of visitor spending makes its way to state and local governments through the levying of various taxes, including a gross receipts tax on businesses.¹⁴

As indicated in Table 1, we estimate that a decision by Delaware to allow same-sex couples to marry would result in approximately \$7 million in additional spending on weddings and tourism in the state in our high-end scenario. We estimate that tourism spending will account for almost \$2 million of that spending.

By applying the 10.8% percentage to the amount that out-of-town guests would spend in Delaware (\$2 million), we estimate that the overall spending boost will generate \$210,000 in tax revenue for state and local governments in the first three years same-sex couples may marry.

Our low-end tax revenue estimate, which accounts for those couples already married in other states and those couples who entered a civil union in Delaware since January 2012, is \$55,000.

Out-of-State Couples

The total spending estimates in our report are conservative in that we do not include out-of-state same-sex couples that may decide to travel to Delaware to marry.

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.¹⁵ 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.¹⁶ Media reports suggest that these out-of-state couples have generated notable tourism and wedding related spending in other states.¹⁷

Delaware is situated on the east coast, bordered on the west by Maryland, where same-sex couples are allowed to marry, and on the north by Pennsylvania and New Jersey. Pennsylvania and New Jersey do not allow same-sex couples to marry, however, New Jersey does provide civil union licenses for same-sex couples. It is likely that if Delaware 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.

According to 2011 Delaware tourism information, the states that send the most visitors to Delaware are Maryland, Pennsylvania, New Jersey, New York, and Virginia.¹⁸ Only Maryland and New York allows same-sex couples to marry. Pennsylvania and Virginia offer no statewide partnership recognition to same-sex couples. The total number of same-sex couples within the two states that send the most visitors to Delaware with no relationship recognition is 36,579.¹⁹ An additional impact may occur if a percentage of these 36,579 same-sex couples decide to travel to Delaware to marry.

Out-of-state couples would generate additional spending on wedding-related goods and services and, most likely, on tourist-related goods and services.

Further Impacts

The economic impact of travel and tourism by same-sex couples seeking to marry in Delaware is more far reaching than just the effects on state tax receipts. For example, tourism expenditures are often directly related to employment opportunities in the travel industry. According to a report on the economic impact of tourism in Delaware in 2011, travel spending directly supported 39,000 jobs with earnings of \$2.1 billion.²⁰ Thus, we calculate roughly that for every \$53,846 spent by travelers in Delaware, one job will be

generated. If we use our high-end guest tourism expenditure estimates, we conclude that extending the right to marry to same-sex couples can generate approximately 36 jobs in the travel industry in Delaware within the first three years.²¹

Conclusion

In this study, we have drawn on information regarding marriage spending by same-sex couples in other states, along with Delaware wedding expenditure and tourism data, to estimate the economic boost if Delaware extends the right to marry to same-sex couples. Our high-end calculations indicate that the total spending on wedding arrangements and tourism by same-sex couples and their guests would be about \$4.5 million in the first year alone. We estimate that the total economic boost over three years would generate about \$210,000 in tax revenue for the state. For our low-end estimate, the wedding spending numbers for the first year drop to \$1.2 million.

Although we did not include the impact in our estimate, 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 Delaware businesses. This impact would then translate into additional increased tax revenue for the state and local budgets.

We note that our tax revenue calculations 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. Delaware Wedding Spending and Tourism Figures by Resident Same-Sex Couples and their Guests
HIGH-END ESTIMATE**

SPENDING	Year 1	Year 2	Year 3	Total
# of Marriages by Same-Sex Couples	491	161	115	767
Wedding Spending	\$3,228,598	\$1,059,384	\$756,703	\$5,044,685
Out-of-Town Wedding Guests	7,856	2,576	1,840	12,272
Out-of-Town Guest Spending	\$1,245,424	\$408,655	\$291,896	\$1,945,974
TOTAL SPENDING	\$4,474,022	\$1,468,038	\$1,048,599	\$6,990,659

LOW-END ESTIMATE

SPENDING	Year 1	Year 2	Year 3	Total
# of Marriages by Same-Sex Couples	129	42	30	202
Wedding Spending	\$851,350	\$279,349	\$199,535	\$1,330,234
Out-of-Town Wedding Guests	2,064	672	480	3,237
Out-of-Town Guest Spending	\$328,176	\$106,848	\$76,320	\$513,134
TOTAL SPENDING	\$1,179,756	\$387,107	\$276,505	\$1,843,368

Table 2. Tax Revenue by Type of Tax

TAX REVENUE	State Sales Tax (0%)	Tax Revenue from Various Sources (10.8%) ²²	Total
TOTAL-High End	\$0	\$210,165	\$210,165
TOTAL-Low End	\$0	\$55,418	\$55,418

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Endnotes

¹ Gates, Gary J. & Cooke, Abigail M., *Delaware Census Snapshot: 2010* (The Williams Institute, 2011). Available at http://williamsinstitute.law.ucla.edu/wp-content/uploads/Census2010Snapshot_Delaware_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). Available at <http://williamsinstitute.law.ucla.edu/wp-content/uploads/Badgett-Herman-Marriage-Dissolution-Nov-2011.pdf>

⁴ Gary J. Gates, The Williams Institute, Same-sex couples in US Census Bureau Data: Who Gets Counted and Why (2010). Available at <http://williamsinstitute.law.ucla.edu/research/census-lgbt-demographics-studies/same-sex-couples-in-us-census-bureau-data-who-gets-counted-and-why/>

⁵ Data on file with the Williams Institute from GATES, refer to note 4. The research brief cited in note 4 highlights key findings of a national survey of co-habiting same-sex couples regarding how they completed their Census 2010 forms and why they chose the options they did to identify their relationship. The survey collected data on state of residence for each individual in the couple. Although the breakdown by state was not included in the brief, the data are on file with the Williams Institute.

⁶ Badgett, M.V. Lee & Herman, Jody L. *Patterns of Relationship Recognition by Same-Sex Couples in the United States* (The Williams Institute, 2011).

⁷ Dawson, A & Rini, J. (2012, December 30). Number of civil unions 'exceeded expectations.' *Delaware State News*. Retrieved from <http://delaware.newszap.com/centraldelaware/118809-70/number-of-civil-unions-exceeded-expectations>

⁸ (J. Brady, Sussex County Clerk of the Peace. personal communication, March 18, 2013)

⁹ The Wedding Report. (2012). *Wedding Industry Report-Delaware*. Retrieved from <http://www.theweddingreport.com/>

¹⁰ 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/>

¹¹ 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/>

¹² Delaware Tourism Office. The Value of Tourism 2011 (D.K. Shifflet & Associates). Retrieved from <http://www.visitdelaware.com/about-us/tourism-statistics/>

¹³ Hotel Price Index. The Hotel Price Index 2010. Retrieved from <http://files.hotel-price-index.com//2010/full-year/pdf/2010-March-HPI-USA.pdf>

¹⁴ Delaware Tourism Office. The Value of Tourism 2011 (D.K. Shifflet & Associates). Retrieved from <http://www.visitdelaware.com/about-us/tourism-statistics/>

¹⁵ Badgett, M.V. Lee & Herman, Jody L. *Patterns of Relationship Recognition by Same-Sex Couples in the United States* (The Williams Institute, 2011).

¹⁶ 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/>

¹⁷ 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/>.

¹⁸ Delaware Tourism Office. The Value of Tourism 2011 (D.K. Shifflet & Associates). Retrieved from <http://www.visitdelaware.com/about-us/tourism-statistics/>

¹⁹ Gates, Gary J. & Cooke, Abigail M., *Pennsylvania Census Snapshot: 2010* (The Williams Institute, 2011). (See also, *Virginia Census Snapshot: 2010*)

²⁰ Delaware Tourism Office. The Value of Tourism 2011 (D.K. Shifflet & Associates). Retrieved from <http://www.visitdelaware.com/about-us/tourism-statistics/>

²¹ These employment figures were generated by using the tourism expenditures of the out-of town guests only.

²² According to Delaware 2011 Tourism data (see note 12), 10.8% of visitor spending makes its way to state and local governments though the use of various taxes, such as the gross receipts tax. We use this percentage and our low-end and high-end out-of-state guest spending estimates to calculate the benefit to state and local governments of opening marriage to same-sex couples in Delaware.