

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



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## Executive Summary

If marriage is extended to same-sex couples in Pennsylvania, 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 **7,490 - 11,168 in-state same-sex couples would choose to marry in the three years** following an opening of marriage to same-sex couples in Pennsylvania.
- The total spending on wedding arrangements and tourism by resident same-sex couples and their guests would add an estimated **\$65 million to \$92.1 million to the state and local economy** of Pennsylvania over the course of three years, with a **\$42 million to \$58.9 million boost in the first year alone**.
- This economic boost would **add \$4.2 million to \$5.8 million in sales tax revenue** to state and local coffers.
- Spending related to same-sex couples’ wedding ceremonies and celebrations would generate **812 to 1,142 full- and part-time jobs** in the state.

ECONOMIC IMPACT OF MARRIAGE FOR SAME-SEX COUPLES IN PENNSYLVANIA	TOTAL
Marriages by Same-Sex Couples	7,940 - 11,168
Direct Wedding Spending	\$51,500,825 - \$72,438,440
Out-of-State Guest Spending	\$5,681,280 - \$19,655,680
<b>TOTAL COMBINED SPENDING</b>	<b>\$65,475,225 - \$92,094,120</b>
<b>TOTAL SALES TAX REVENUE</b>	<b>\$4,151,129 - \$5,838,767</b>

## Introduction

As of May 2014, 18 states, the District of Columbia, and the federal government formally recognized marriages between same-sex partners. Additionally, federal district courts in several states have held, or suggested, that withholding state-granted marriages to same-sex couples is unconstitutional.<sup>1</sup> In this study, we estimate the impact of weddings of same-sex couples on Pennsylvania's economy over the next three years if the state were to recognize those marriages.

Our analyses are informed by the methodology that we've used in previous studies of the economic impact of marriage for same-sex couples in a number of other states.<sup>2</sup> We utilized state-level data, as well as other relevant data sources, including Census 2010 and the American Community Survey, to estimate the impact of extending marriage to same-sex couples in Pennsylvania.

All of the findings from previous studies suggest that extending marriage rights to same-sex couples produces a positive impact on states' budgets and economies. Similar conclusions have been reached by legislative offices in Connecticut<sup>3</sup> and Vermont<sup>4</sup>, as well as by the Comptroller General of New York.<sup>5</sup> The Congressional Budget Office has concluded that if all fifty states, in addition to the federal government, extended the rights and

obligations of marriage to same-sex couples, the federal government would benefit by nearly \$1 billion each year.<sup>6</sup> Throughout this report, we rely on conservative estimates to assess the economic impact of extending the right to marry to same-sex couples. In other words, all assumptions are cautious and, given the range of possibilities, likely produce revenue impacts on the lower bound. Even so, we find that extending marriage to same-sex couples in Pennsylvania will have a positive impact on the state's economy.

## In-State Couples

To determine the potential impact marriage for same-sex couples in Pennsylvania, we estimate the number of same-sex couples that will marry within the first three years. According to the most recent Census in 2010, there are currently 22,336 same-sex couples living in Pennsylvania.<sup>7</sup> 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 marry in Pennsylvania. In Massachusetts, just over half of same-sex couples married during the initial three year period.<sup>8</sup> This finding has been confirmed in several other jurisdictions that have more recently allowed same-sex couples to marry.<sup>9, 10</sup> Accordingly, we predict that 50% of Pennsylvania's 22,336 same-sex couples, or 11,168 couples, would marry in the

first three years (Table 1).<sup>11</sup> Our upper-bound estimates are based on the assumption that 11,168 couples will marry and celebrate their weddings within the first three years.

To arrive at a lower-bound estimate of same-sex couples who would marry in the first three years, we assume that some of Pennsylvania's couples have traveled to Maryland, New Jersey, New York, or other states that allow couples to marry given the proximity to those states. Data on the residence of out-of-state same-sex couples who have married in Maryland, New Jersey, New York and other states is unavailable. However, the 2010 U.S. Census found that 3,228 same-sex couples in Pennsylvania indicated that they were the husband or wife of a same-sex householder on the census form. For our lower-bound estimates, we assume that these 3,228 couples have in fact married elsewhere and will not have weddings in Pennsylvania if the state allowed same-sex couples to marry. Thus, our lower-bound estimates assume that 7,940 same-sex couples will marry in Pennsylvania in the first three years (Table 1).

## Wedding Spending

If Pennsylvania grants same-sex couples the right to marry, we predict that the state will see a surge in spending on weddings by same-sex resident couples and their out-of-state guests. Our analysis predicts that allowing same-sex

couples to marry would generate \$65 million to \$92 million through direct wedding spending and wedding-related tourism in the first three years. We estimate that wedding spending generated by marriages of same-sex couples would create 812 to 1,142 full- and part-time jobs in the first three years.

### *Direct Wedding Spending*

Following the legalization of marriage for same-sex couples, Massachusetts experienced a rise in spending associated with wedding planning, such as increased demand for catering services and hotel rooms.<sup>12</sup> More recently, New York,<sup>13</sup> Connecticut<sup>14</sup> and Washington<sup>15</sup> have also reported a rise in wedding spending after marriage rights were extended to same-sex couples. We expect that Pennsylvania would experience the same economic benefit.

According to *The Wedding Report*, average spending on weddings in Pennsylvania in 2012 was \$25,945.<sup>16</sup> Same-sex couples may receive less financial support from their parents and other family members to cover wedding costs due to persistent stigma, resulting in less spending than their heterosexual counterparts. Taking 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.<sup>17, 18</sup> Accordingly, we assume that same-sex couples will spend an

average of \$6,486 per wedding in Pennsylvania. Based on this assumption, the range of direct wedding spending by same-sex couples would be approximately \$51.5 million (for 7,940 weddings) to \$72.4 million (for 11,168 weddings) over 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 in Massachusetts, weddings of same-sex couples included an average of 16 out-of-state guests.<sup>19</sup> In order to estimate out-of-state guest spending, we utilize the per diem allowance for food and lodging by state as set forth by the U.S. General Services Administration (GSA).<sup>20</sup> The GSA's per diem allowance rates are used by federal government agencies to reimburse their employees' business-related travel expenses.<sup>21</sup> We determine the overall state per diem, \$110, by averaging the predetermined hotel and food allowance. 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 range of expected out-of-state guest spending would be approximately \$14 million (127,040 guests attending 7,940 weddings) to \$19.7 million (178,688 guests attending 11,168 weddings) over the first three years (Table 1).

### ***Job Creation***

According to Pennsylvania tourism data, \$37.2 million in tourism spending supported 461,249 jobs in Fiscal Year 2011. These data indicate that for every \$80,651 of spending in Pennsylvania, one additional job is created. Based on these data, we estimate that wedding-related spending in Pennsylvania will generate 812 (for 7,940 weddings) to 1,142 (for 11,168 weddings) new jobs for Pennsylvania residents.

### ***Sales Tax Revenue***

State and local governments will directly benefit from this increase in spending through the state sales tax and a range of local sales taxes. The state of Pennsylvania imposes an average 6.34% general sales or use tax on consumers.<sup>22</sup> The state levies sales tax at a rate of 6.0% and localities set their own rate of additional sales tax, which is 0.34% on average.<sup>23</sup> The combined wedding-related spending of same-sex couples and their out-of-state guests is estimated to be \$65 million to \$92.1 million, as indicated in Table 1. Using these figures, we estimate that the overall spending boost will generate \$4.2 to \$5.8 million in sales tax revenue in the first three years same-sex couples are permitted to marry (Table 2).

## Impact of Out-of-State Marriages

We do not include in our analysis same-sex couples who are likely to travel to Pennsylvania to marry during the next three years. Data from other states show that many couples living in states that do not recognize their marriages travel to other states to marry. For example, the most recent data released from Washington State reveals that out-of-state same-sex couples accounted for 17% of marriages of same-sex couples performed in the first year.<sup>24</sup> A significant number of couples travelled from as far as Texas (170 couples) and California (155 couples).<sup>25</sup> Same-sex couples may be even more likely to marry out of state now than in the past because, as a result of the U.S. Supreme Court's 2013 decision striking down Section 2 of the Defense of Marriage Act, the federal government now recognizes marriages validly performed in any jurisdiction for purposes of many federal rights and benefits.<sup>26</sup>

Pennsylvania is likely to experience a number of couples traveling from out-of-state to marry. A sizeable impact may occur if even a small number of those couples decide to travel to Pennsylvania to marry.

## Conclusion

In this study, we have drawn on information regarding marriage spending by same-sex couples in other states, along with wedding expenditure and tourism data from the state of Pennsylvania, to estimate the economic boost if the state 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 \$65 million to \$92.1 million over three years, with a positive impact of \$42 million to \$58.9 million in the first year alone. We estimate that total economic boost over three years would generate about \$4.2 million to \$5.8 million in tax revenue for state and local governments.

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 Pennsylvania 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. Pennsylvania 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				
Upper-bound	7,148	2,345	1,675	<b>11,168</b>
Lower-bound	5,082	1,667	1,191	<b>7,940</b>
Wedding Spending				
Upper-bound	\$46,360,602	\$15,212,072	\$10,865,766	<b>\$72,438,440</b>
Lower-bound	\$32,960,528	\$10,815,173	\$7,725,124	<b>\$51,500,825</b>
Out-of-State Wedding Guests				
Upper-bound	114,360	37,524	26,803	<b>178,688</b>
Lower-bound	81,312	26672	19056	<b>127,040</b>
Out-of-State Guest Spending				
Upper-bound	\$12,579,635	\$4,127,693	\$2,948,352	<b>\$19,655,680</b>
Lower-bound	\$8,944,320	\$2,933,920	\$2,096,160	<b>\$13,974,400</b>
<b>TOTAL COMBINED SPENDING</b>	<b>\$41,904,848 - \$58,940,237</b>	<b>\$13,749,093 - \$19,339,765</b>	<b>\$9,821,284 - \$13,814,118</b>	<b>\$65,475,225 - \$92,094,120</b>

**Table 2. Tax Revenue from Wedding Spending**

TAX REVENUE	Year 1	Year 2	Year 3	Total
State Sales Tax Revenue	\$2,514,291 - \$3,536,414	\$824,946 - \$1,160,386	\$589,277 - \$828,847	<b>\$3,928,514 - \$5,525,647</b>
Local Sales Tax Revenue	\$142,476 - \$200,397	\$46,747 - \$65,755	\$33,392 - \$46,968	<b>\$222,616 - \$313,120</b>
<b>TOTAL SALES TAX REVENUE</b>	<b>\$2,656,767 - \$3,736,811</b>	<b>\$871,692 - \$1,226,141</b>	<b>\$622,669 - \$875,815</b>	<b>\$4,151,129 - \$5,838,767</b>

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## Endnotes

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- <sup>1</sup> Deboer v. Synder, No. 12-CV-10285 (E.D. Mich. Mar. 21, 2014); Tanco v. Haslam, No. 3:13-cv-01159; De Leon v. Perry, No. SA-13-CA-00982-OLG (W.D. Tex. Feb. 26, 2014); Bourke v. Beshear, No. 3:13-CV-750-H (W.D. Ky. Feb. 21, 2014); Bostic v. Shaefer, No. 2:13-cv-395 (E.D. Va. Feb. 14, 2014); Bishop v. U.S., No. 04-CV-848-TCK-TLW (N.D. Okla. Jan. 14, 2014); Kitchen v. Herbert, No. 2:13-cv-217 (D. Utah Dec. 20, 2013); Langhorne, Thomas. (2014). "[Federal Judge Sides with Same-Sex Couple Seeking Emergency Marriage Recognition in Indiana.](#)" *Courier-Press* (Evansville), Apr. 10.
- <sup>2</sup> Reports available on the Williams Institute's web site under [Economic Impact Reports, by state.](#)
- <sup>3</sup> Office of Legislative Research. (2002). [Office of Fiscal Analysis Report on HB 5001.](#) (Hartford, CT: Connecticut's General Assembly).
- <sup>4</sup> Vermont Civil Union Review Commission, (2002). [Report of the Vermont Civil Union Review Commission.](#) (Montpellier, VT: Office of the Legislative Council).
- <sup>5</sup> Hevesi, Alan G.,(2004). [Testimony of New York State Comptroller, Alan G. Hevesi, to New York City Council in Support of the Right to Civil Marriage for Same-Sex Couples in New York State.](#) March 3. (New York: Office of the New York State Comptroller).
- <sup>6</sup> Holtz-Eakin, Douglas,(2004). "[The Potential Budgetary Impact of Recognizing Same-Sex Marriages.](#)" Letter to the Chairman of the House Subcommittee on the Constitution, June 21.
- <sup>7</sup> Gates, Gary J. & Abigail M. Cooke, (2010). "[Pennsylvania Census Snapshot: 2010](#)" (Los Angeles: The Williams Institute)
- <sup>8</sup> This calculation is based upon collected data revealing that 9,931 same-sex couples married in Massachusetts within the first three years after same-sex couples were allowed to marry. To estimate the total number of same-sex couples residing in Massachusetts in 2004 we utilized American Community Survey data and determined that there were approximately 19,550 resident same-sex couples at that time. This suggests that approximately 51% of couples married over three years.
- <sup>9</sup> Badgett, M.V. Lee & Jody L. Herman, (2011) [Patterns of Relationship Recognition by Same-Sex Couples in the United States.](#) (Los Angeles: The Williams Institute).
- <sup>10</sup> Washington State Department of Health, (2013). [Washington same sex couples: follow-up data report released.](#) (press release), Dec. 5.
- <sup>11</sup> Not all couples who will marry in the first three years will do so within the first year they are permitted. Using data from Massachusetts, we can predict the timing of nuptials over three years; 64% married in the first year, 21% married in the second year, and 15% married in the third year.
- <sup>12</sup> Belkin, Douglas. 2004. "Wedding Bell Bonanza: Tourism, Marriage Industry Foresee Boom in Same-Sex Nuptials," *Boston Globe*, Feb. 26.
- <sup>13</sup> Gammage, Jeff. (2013). "[Another Reason Backers Say Pa. Should Legalize Gay Marriage: \\$\\$\\$.](#)" *Philly.com*. July 16.
- <sup>14</sup> Buck, Rinker. (2010). "[Same-Sex Marriage Law An Economic Boon For State: Couples Coming From Other States Boosting Hospitality Industry.](#)" *The Courant*. Oct. 10.
- <sup>15</sup> Lerner, Sara. (2013). "[Same-Sex Marriage Anniversary An Economic Boost For Washington.](#)" *KUOW.ORG*. Dec. 10.
- <sup>16</sup> The Wedding Report, (2011). [2011 Wedding Statistics Summary for Pennsylvania.](#)
- <sup>17</sup> Badgett, M.V. Lee & Gary J. Gates, (2006). "[The Effect of Marriage Equality and Domestic Partnership on Business and the Economy.](#)" (Los Angeles: The Williams Institute). As well as, Goldberg, Naomi G., Steinberger, Michael D., & M.V. Lee Badgett, (2009). "[The Business Boost from Marriage Equality: Evidence from the Health and Marriage Equality in Massachusetts Survey.](#)" (The Williams Institute, 2009).
- <sup>18</sup> Community Marketing & Insights with the Gay Wedding Institute, (2013). "[Same-Sex Couples: Weddings and Engagements.](#)" (San Francisco: Community Marketing & Insights with the Gay Wedding Institute).
- <sup>19</sup> Goldberg, Steinberger, and Badgett, *The Business Boost from Marriage Equality.*
- <sup>20</sup> U.S. General Services Administration, (2014). "[Per Diem Rates Look-up by State.](#)"
- <sup>21</sup> 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>.
- <sup>22</sup> Scott Drenkard (2014), "[State and Local Sales Tax Rates in 2014.](#)" (Washington: The Tax Foundation).
- <sup>23</sup> Ibid.
- <sup>24</sup> Washington State Dept. of Health, *Washington same-sex couples.*
- <sup>25</sup> Ibid.
- <sup>26</sup> U.S. v. Windsor, 570 U.S. \_\_\_ (2013).