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

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Executive Summary

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

- We estimate that approximately **1,532-3,570 same-sex couples would choose to marry in the three years** following an opening of marriage to same-sex couples in the state.
- The total spending on wedding arrangements and tourism would generate an additional **$23 million to $52 million to the state and local economy** in the first three years, with **$14 million to $34 million generated in the first year alone**.
- This economic boost would add at least **$1.8 million to $4.2 million tax dollars** to state and local coffers.
- Extending the right to marry to same-sex couples can generate approximately **193 to 449 jobs** in Nevada within the first three years.
- This report does not include spending estimates for out-of-state same sex couples that might travel to Nevada to marry, who would spend additional funds on wedding planning and tourism during their stay.

<table>
<thead>
<tr>
<th>SPENDING</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
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<tr>
<td>Lower-bound</td>
<td>980</td>
<td>322</td>
<td>230</td>
<td>1,532</td>
</tr>
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<td><strong>$4,731,951</strong></td>
<td><strong>$3,379,965</strong></td>
<td><strong>$22,513,506</strong></td>
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<td><strong>-$33,579,218</strong></td>
<td><strong>-$11,021,625</strong></td>
<td><strong>-$7,862,093</strong></td>
<td><strong>-$52,462,936</strong></td>
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</tbody>
</table>
Introduction

If same-sex couples are allowed to marry in Nevada, we predict that Nevada will see a surge in spending related to weddings by same-sex couples who currently reside in the state, as well as an increase in tourism spending by guests from other states. This increase in spending would provide a boost to wedding and tourism-related businesses in Nevada and would generate additional state and local tax revenue.

In this report, we estimate the size of the economic impact on Nevada’s businesses and on 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 Nevada from 2012, tourism reports from 2011-2013, 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 Nevada, the state’s wedding and tourism-related businesses would see spending rise by $23 million to $52 million. As a result, the state and local tax revenues would rise by $1.8 million to $4.2 million.

In-State Couples

In order to assess the economic impact of opening marriage to same-sex couples in Nevada, we must first calculate the number of same-sex couples who will marry. According to U.S. Census 2010, Nevada has 7,140 resident same-sex couples. 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 Nevada. In Massachusetts, a little more than 50% of same-sex couples married during that initial three-year period. 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.

As a result, we predict that half of the same-sex couples of Nevada would marry in the first three years. We estimate that a total of 3,570 same-sex couples would marry in the first three years following the opening of marriage to same-sex couples in the State of Nevada.

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. Therefore, we predict that in Nevada 64% of 3,570 same-sex couples would marry in the first year (Year 1), or 2,285 couples. An additional 21% would marry in the second (Year 2), bringing the total to 85% of 3,570, or 3,035 couples. And finally, all 3,570 couples would be married by the end of the third year (Year 3). The upper-bound estimate assumes that all of the 3,570 couples will marry and will spend money on wedding ceremonies and celebrations.

**Existing Marriages**

Nevada has recognized domestic partnerships for same-sex couples since October 1, 2009. Using data collected from the Nevada Secretary of State, we estimate that there are 2,038 same-sex couples in domestic partnerships living in Nevada. For our lower-bound estimates, we assume that none of the couples in registered domestic partnerships will marry or spend money on wedding ceremonies or celebrations if the state extends marriage to same-sex couples. If none of the couples in domestic partnerships spend money on ceremonies or celebrations, we expect 1,532 same-sex couples to marry and spend money on their weddings in Nevada (upper-bound estimate minus 2,038 couples currently in domestic partnerships).

**Economic Impact of Wedding Spending**

If Nevada 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 $23 million to $52 million through direct wedding spending and wedding-related tourism in the first three years that marriage is available to same-sex couples. We estimate that wedding spending generated by marriages of same-sex couples would support 193-449 new jobs in Nevada’s tourism and hospitality sector in the first three years.

**Direct Wedding Spending**

According to The Wedding Report, the average spending on weddings in Nevada in 2011 was $25,054. 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 predict conservatively that same-sex couples spend one-quarter of the amount that different-sex couples spend on wedding arrangements. Accordingly, we assume that same-sex couples will have spent just over $6,264 per wedding. Based on these assumptions, the range of new spending would be approximately $9.6 million (for 1,532 weddings) to $22.4 million (for 3,570 weddings).

**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-state guests. If same-sex couples in Nevada were to do the same and their guests spent only two days in Nevada for the wedding, state tourism research suggests that those guests would spend $304 on food, lodging, and other expenses; including spending on gaming would increase total spending per guest to $750. Assuming that even half of the out-of-state guests participate in gaming activities, and using the range for the number of weddings, suggests that spending by out-of-state guests would generate $12.9 million (for 1,532 weddings) to $30.1 million (for 3,570 weddings) in the first three years.

**Job Creation**

According to Nevada tourism data, every $116,780 spent on tourism in the state generates one job. Taking into account the range of tourist spending we expect to generated by weddings of same-sex couples, we estimate that out-of-state guest spending will create 193 (for 1,532 weddings) to 449 (for 3,570 weddings) new jobs for Nevada 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 average sales tax rate in Nevada is 7.93%. The state imposes a sales tax of 6.85%, while the local governments tax at an average rate of 1.08%. The combined wedding-related spending of same-sex couples and their out-of-state guests is estimated to be $10 million to $22 million. Using these figures, we estimate that the overall spending boost will generate $1.8 million to $4.2 million in state and local sales tax revenue in the first three years same-sex couples are permitted to marry.

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, Las Vegas imposes a lodging tax of
12% or 13%, depending on location.\textsuperscript{13} Accounting for lodging taxes would increase the estimate of total revenue collected by local governments.

**Impact of Existing Marriages and Out-of-State Couples**

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

Out-of-state couples traveling to Nevada to marry would generate spending on wedding-related goods and services and, most likely, on tourist-related goods and services. By contrast, Nevada couples who have already married elsewhere may convert their out-of-state marriage to a marriage in Nevada 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 Nevada to marry, or to predict how many same-sex couples in Nevada are already married. However, we conclude that spending by out-of-state couples who choose to marry in Nevada will at least offset the impact of existing marriages. Additionally, the range generated by accounting for existing domestic partnerships is large enough to take into account these smaller sources of uncertainty. For these reasons, our estimates would not change even if we were able to more precisely estimate the number of couples who would travel to Nevada to marry or the number of couples in Nevada who have already married elsewhere.

Recent data suggest that the number of same-sex couples in Nevada who have married elsewhere is small. In data collected in 2011 from several states that allowed same-sex couples to marry, 24 same-sex couples from Nevada had married in Iowa, Massachusetts, or Connecticut.\textsuperscript{14} There are no data available regarding the number of couples who have traveled from Nevada to its neighboring state, California, to marry, either during the window that marriage was allowed in 2008 or since the Supreme Court’s decision in *Hollingsworth v. Perry*.\textsuperscript{15}

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.\textsuperscript{16} For example, of the total number of marriages of 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 also suggest that out-of-state couples have generated notable tourism and wedding-related spending in other states.\(^{17}\)

Only one of the five states bordering Nevada—California—currently allows same-sex couples to marry.\(^{18}\) According to Census 2010 data, the four states bordering Nevada that do not currently allow same-sex couples to marry—Arizona, Oregon, Idaho, and Utah— are home to a total of over 33,000 same-sex couples.\(^{19}\) A sizeable impact may occur if even a small number of these 33,000 couples decide to travel to Nevada to marry.

**Conclusion**

In this study, we have drawn on information regarding marriage spending by same-sex couples in other states, along with Nevada wedding expenditure and tourism data, to estimate the economic boost if Nevada 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 about $23 million to $52 million in the first year alone. We estimate that total economic boost over three years would generate about $1.8 million to $4.2 million in tax revenue for the state and various localities.

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 Nevada businesses. This impact would then translate into additional increased tax revenue for the state and local budgets.

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. Nevada Wedding Spending and Tourism Figures by Resident Same-Sex Couples and Their Guests

<table>
<thead>
<tr>
<th>SPENDING</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
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<td># of Marriages by Same-Sex Couples</td>
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<tr>
<td>Upper-bound</td>
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<td>750</td>
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<td>3,570</td>
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<tr>
<td>Lower-bound</td>
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<td>$33,579,218</td>
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<td>$7,862,093</td>
<td>$52,462,936</td>
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Table 2. Tax Revenue from Wedding Spending and Tourism by Resident Same-Sex Couples and their Guests

<table>
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<tr>
<th>TAX REVENUE</th>
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<th>Year 3</th>
<th>Total</th>
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<td>State tax revenue</td>
<td>$986,509 - $2,300,176</td>
<td>$324,139 - $754,981</td>
<td>$231,528 - $538,553</td>
<td>$1,542,176 - $3,593,710</td>
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<td>Local tax revenue</td>
<td>$155,537 - $362,656</td>
<td>$51,105 - $119,034</td>
<td>$36,504 - $84,911</td>
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<td>TOTAL TAX REVENUE</td>
<td>$1,142,046 - $2,662,832</td>
<td>$375,244 - $874,015</td>
<td>$268,032 - $623,464</td>
<td>$1,785,322 - $4,160,311</td>
</tr>
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</table>
About the Authors

M.V. Lee Badgett is the Research Director at the Williams Institute, and Director of the Center for Public Policy and Administration at the University of Massachusetts Amherst, where she is also a Professor of Economics. She studies family policy and employment discrimination related to sexual orientation.

Christy Mallory is Senior Counsel at the Williams Institute.

About the Williams Institute

The Williams Institute on Sexual Orientation and Gender Identity Law and Public Policy at UCLA School of Law advances law and public policy through rigorous, independent research and scholarship, and disseminates its work through a variety of education programs and media to judges, legislators, lawyers, other policymakers and the public. These studies can be accessed at the Williams Institute website.

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Endnotes


2 Data shows 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.


4 Ibid.

5 S. 283, 75th Leg., Reg. Sess. (Nev. 2009).

6 Data on file with the Williams Institute.


9 Ibid.


14 Data on file with the Williams Institute.


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).