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THE IMPACT ON MARYLAND'S BUDGET OF ALLOWING SAME-SEX COUPLES TO MARRY

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INTRODUCTION

Marylanders are currently discussing the extension of marriage rights to same-sex couples. Over the last fifteen years, the public debate has evolved to include considerations of the social and economic consequences of marriage.¹ Economic consequences, in particular, have assumed a growing role in the public discourse about marriage. As the debate continues, policymakers have increasingly questioned the potential impact of same-sex marriages on economic development and on state budgets. Concerns about the impact of same-sex couples' marriages on the state budget have focused on the presumed costs of granting gay couples equal access to the benefits of marriage, including health insurance, pensions, and property transfers.

In this report, we undertake an analysis to assess the budgetary impact of civil marriage for same-sex couples in Maryland. Our analysis of the fiscal impact of marriage for same-sex couples in Maryland is based on the same methods we used in previous studies on California,² Colorado,³ Connecticut,⁴ Massachusetts,⁵ New

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1. WILLIAM N. ESKRIDGE, JR. & DARREN R. SPEDALE, *GAY MARRIAGE: FOR BETTER OR FOR WORSE? WHAT WE'VE LEARNED FROM THE EVIDENCE* (2006).

2. See R. BRADLEY SEARS & M.V. LEE BADGETT, *THE IMPACT ON CALIFORNIA'S BUDGET OF ALLOWING SAME-SEX COUPLES TO MARRY* (2004), available at <http://www.law.ucla.edu/williamsproj/publications/CASameSexMarriage.pdf>.

Hampshire,⁶ New Jersey,⁷ New Mexico,⁸ Vermont,⁹ and Washington.¹⁰ These studies found that extending the rights and obligations of marriage to same-sex couples would have a positive impact on each state's budget. These findings are echoed in reports issued by the legislative research offices of Connecticut¹¹ and Vermont,¹² and the Comptroller of New York.¹³ In addition, the Congressional Budget Office has concluded that if all fifty states and the federal government extended the rights and obligations of marriage to same-sex couples, the federal government would benefit by nearly one billion dollars each year.¹⁴

3. M.V. LEE BADGETT ET AL., THE IMPACT OF THE COLORADO DOMESTIC PARTNERSHIP ACT ON COLORADO'S STATE BUDGET (2006), *available at* <http://www.law.ucla.edu/williamsinstitute/publications/Colorado%20DP%20benefits%20on%20Econ%20Report.pdf>.

4. M.V. LEE BADGETT ET AL., COUNTING ON COUPLES: FISCAL SAVINGS FROM ALLOWING SAME-SEX COUPLES TO MARRY IN CONNECTICUT (2005), *available at* <http://www.law.ucla.edu/williamsproj/pdf/CountingOnCouples.doc>.

5. Randy Albelda, Michael Ash, & M.V. Lee Badgett, *Now That We Do: Same-Sex Couples and Marriage in Massachusetts: A Demographic and Economic Perspective*, 7 MASSACHUSETTS BENCHMARKS 17, 23 (2005).

6. M.V. LEE BADGETT, R. BRADLEY SEARS, & ELIZABETH KUKURA, THE IMPACT ON NEW HAMPSHIRE'S BUDGET OF ALLOWING SAME-SEX COUPLES TO MARRY (2005), *available at* <http://www.law.ucla.edu/williamsproj/publications/New%20Hampshire%20Econ%.pdf>.

7. M.V. LEE BADGETT, R. BRADLEY SEARS & SUZANNE GOLDBERG, SUPPORTING FAMILIES, SAVING FUNDS: A FISCAL ANALYSIS OF NEW JERSEY'S FAMILY EQUALITY ACT (2003), *available at* <http://www.law.ucla.edu/williamsinstitute/publications/NJDPASudy.pdf>.

8. M.V. LEE BADGETT ET AL., THE IMPACT ON NEW MEXICO'S BUDGET OF ALLOWING SAME-SEX COUPLES TO MARRY (2006), *available at* <http://www.law.ucla.edu/williamsinstitute/publications/new%20mexico%20econ%20study.pdf>.

9. M.V. LEE BADGETT, THE FISCAL IMPACT ON THE STATE OF VERMONT OF ALLOWING SAME-SEX COUPLES TO MARRY (1998), *available at* <http://www.iglss.org/media/files/techrpt981.pdf>.

10. M.V. LEE BADGETT ET AL., THE IMPACT ON WASHINGTON'S BUDGET OF ALLOWING SAME-SEX COUPLES TO MARRY (2006), *available at* <http://law.ucla.edu/williamsinstitute/publications/washington%20econ%20study.pdf>.

11. OFFICE OF LEGISLATIVE RESEARCH, CONNECTICUT GENERAL ASSEMBLY, OFFICE OF FISCAL ANALYSIS REPORT ON HB 5001 (2002), *available at* http://www1.law.ucla.edu/~williamsproj/connstudy_files/connstudy.htm (last visited Mar. 10, 2008).

12. OFFICE OF LEGISLATIVE COUNCIL, REPORT OF THE VERMONT CIVIL UNION REVIEW COMMISSION (2002), *available at* <http://www.leg.state.vt.us/baker/Final%20CURC%20Report%20for%202002.htm> (last visited Mar. 10, 2008).

13. OFFICE OF THE NEW YORK STATE COMPTROLLER, 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 (2004), *available at* <http://www.osc.state.ny.us/press/releases/mar04/030304b.htm> (last visited Mar. 10, 2008).

14. DOUGLAS HOLTZ-EAKIN, DIRECTOR, CONGRESSIONAL BUDGET OFFICE, THE POTENTIAL BUDGETARY IMPACT OF RECOGNIZING SAME-SEX MARRIAGES (2004) (Letter to Chairman of the House Subcommittee on the Constitution), *available at* <http://www.cbo.gov/ftpdocs/55xx/doc5559/06-21-SameSexMarriage.pdf>.

The expansion of marriage to same-sex couples in Maryland will include numerous rights that will likely affect the state budget in areas of taxation, state employee benefit provisions, public assistance programs, and both court and administrative costs. On the one hand, more marriages would likely mean higher expenditures for the State on employee benefits. On the other hand, the State would likely see lower expenditures on means-tested public benefit programs. Similarly, state tax revenues would be expected to change.

Section I of this report outlines the estimated number of same-sex couples in Maryland and estimates the number of couples who will likely marry if allowed. In Section II, we present our predictions of the tax-based budgetary impact on the State, separating our analysis into each category of taxation that marriage could affect. In Section III, we estimate the state-wide savings additional marriages will likely bring to Maryland's public benefits programs. Section IV outlines the costs of expanding benefits to the same-sex spouses of state employees. Section V estimates other associated costs that could arise from expanding the right to marriage. In Section VI, we broaden our analysis to look at the economic impact of marriages by same-sex couples on Maryland's businesses. In section VII, we summarize the expected policy impact for each expenditure or revenue category addressed.

Throughout this report, we estimate the costs and benefits of marriage conservatively. Our estimates are based on the most cautious assumptions – ones that tend to predict higher costs for the State and fewer benefits for couples. Even so, the annual net fiscal benefit of allowing same-sex marriage is \$3.2 million; the overall economic benefit during the first three years is as much as \$94 million. Moreover, evidence suggests significantly more same-sex couples reside in Maryland than reported by the Census.¹⁵ If so, net gains to the State will be even greater.

15. For evidence that the 2000 Census undercounted the number of cohabitating same-sex couples in the United States, see M.V. LEE BADGETT & MARC A. ROGERS, *LEFT OUT OF THE COUNT: MISSING SAME-SEX COUPLES IN CENSUS 2000* (2003), available at http://www.iglss.org/media/files/c2k_leftout.pdf (noting that two surveys estimated the undercount at 16 percent to 19 percent); DAVID M. SMITH & GARY J. GATES, *GAY AND LESBIAN FAMILIES IN THE UNITED STATES: SAME-SEX UNMARRIED PARTNER HOUSEHOLDS* (2001), available at <http://www.hrc.org/documents/gayandlesbianfamilies.pdf> (estimating undercount at 62 percent).

I. THE NUMBER OF COUPLES AFFECTED

One of the most important factors in determining the economic impact of new marriages in Maryland is the number of same-sex couples who will likely marry if given the option. A couple's choice to enter into a legally binding relationship such as marriage involves many considerations. For this reason, not all couples will necessarily choose to marry. At the very least, the decision is likely to include a weighing of the symbolic value of public and legal recognition of the relationship with the particular rights and responsibilities implied by the legal status of marriage. Here we make projections based on the experience of other states that have allowed same-sex couples to marry or achieve a related legal status.

Massachusetts was the first state to allow same-sex marriage, and gives us the best basis for predicting the proportion of same-sex couples that would likely marry. In Massachusetts, at least 9,695 same-sex couples have married, constituting 57 percent of the state's same-sex couples in Census 2000.¹⁶

A few other states have had experience with civil unions and domestic partnerships. While these statutes differ from civil marriage, they provide a significant package of rights and responsibilities that states offer to opposite-sex couples. For this reason, states that offer civil unions or domestic partnerships provide additional data on how many same-sex couples would marry if given the opportunity. In Vermont, 71 percent of same-sex couples have entered into a civil union since 2000.¹⁷ In California, the number of domestic partnerships increased with the addition of significant new rights and responsibilities. From January 1, 2000 through May 31, 2007, 43,756¹⁸ couples registered their partnerships, constituting almost forty-eight

16. Dan Ring, *8,100 Gay, Lesbian Couples Marry After 2004 Decision*, THE REPUBLICAN, May 17, 2006, available at <http://www.masslive.com/metrowest/republican/index.ssf?/base/news-0/114787085559880.xml&coll=1> (last visited Mar. 10, 2008); see also TAVIA SIMMONS & MARTIN O'CONNELL, MARRIED-COUPLE AND UNMARRIED-PARTNER HOUSEHOLDS: 2000 (2003), available at <http://www.census.gov/prod/2003pubs/censr-5.pdf>.

17. As of April 2007, there have been 1,367 civil unions in Vermont between in-state same-sex partners. See Cindy Chooley, Vermont Department of Health, *Monthly Report on Counts for Civil Unions* (2007) (on file with authors). Dividing 1,367 by the number of same-sex couples in Vermont (1,933) means 71 percent of Vermont's same-sex couples have entered into a civil union. TAVIA SIMMONS & MARTIN O'CONNELL, MARRIED COUPLE AND UNMARRIED-PARTNER HOUSEHOLDS: 2000, at 4 tab. 2 (2003), available at <http://www.census.gov/prod/2003pubs/censr-5.pdf>

18. E-mail from Special Filings/Domestic Partnership Unit, Secretary of State, California, to Shawn Kravich, Williams Institute (June 12, 2007) (on file with authors).

percent of California's same-sex couples as calculated according to Census 2000 data.¹⁹

Based on the experience of these states, we conservatively assume that half of Maryland's same-sex couples would marry if they had the legal right to do so. Using 2005 American Community Survey data, we counted 15,607 cohabitating same-sex couples living in Maryland, up from 11,243 counted in Census 2000.²⁰ Based on other states' experiences, we predict that half of these, or about 7,800 same-sex couples, would marry if allowed to do so.

A more precise estimate of the percentage of same-sex couples that would choose to marry is unnecessary to conclude that the policy will have a positive net effect on Maryland's budget. Our major findings are not sensitive to the exact number of couples marrying or registering since the costs and benefits of a larger number are respectively and reciprocally offsetting. In other words, our estimates are conservative because if more couples marry than originally predicted, savings in state benefits and added tax revenue will offset additional losses in tax revenues. Conversely, if fewer couples marry than estimated, both the savings and any costs of same-sex marriage will decrease respectively.

II. IMPACT ON TAX REVENUES

Extending marriage to same-sex couples in Maryland will affect the state taxes on income, property transfer, and inheritance. Because same-sex marriage will also trigger an increase in taxable wedding spending by same-sex couples, the impact on Maryland's sales tax revenue has been included in the analysis in this section.

A. Impact on Income Tax

Extending marriage to same-sex couples will impact the income tax revenues collected by the State. Same-sex couples that marry will have the right to file their income tax returns jointly, just as different-sex married couples do. With this change in status, two

19. Though California's domestic partnerships are available to different-sex couples under specific circumstances, we conservatively assume that 95 percent of domestic partners in California are same-sex couples.

20. GARY J. GATES, SAME-SEX COUPLES AND THE GAY, LESBIAN, BISEXUAL POPULATION: NEW ESTIMATES FROM THE AMERICAN COMMUNITY SURVEY (2006), available at <http://www.law.ucla.edu/williamsinstitute/publications/SameSexCouplesandGLBpopACS.pdf>.

individuals who previously filed as “single” now combine their incomes. Some of these couples will end up paying more or less in income tax when they file as married. Most couples will pay an average of about \$50 less in annual income taxes. Overall, simulations suggest that an extension of marriage to same-sex couples in Maryland will have a small negative impact on state income tax revenues.

To estimate the net tax impact of allowing same-sex couples to file jointly, we use the income and household characteristics of same-sex “unmarried partner” couples living in Maryland gathered by the Census Bureau’s five percent Public Use Microdata Sample (PUMS).²¹ Using the Census data on total income and number of children in a household, it is possible to estimate each couple’s taxes before and after marriage. First, calculate what couples pay now when they file as a “single” individual or “head of household.” Then, estimate the tax payments for the couple if they were married and filing jointly. Using these estimates, determine the difference between their pre- and post-joint filing taxes, calculating the net effect of same-sex marriage on the State’s income tax revenue.

In this analysis, assume that tax consequences of marriage will not impact the choice of whether to marry. Overall, research suggests that the possibility for increased taxation has a minimal impact on the likelihood of a couple’s decision to marry.²² Several other assumptions simplify the tax calculations. First, if the householder reported living with one or more of his or her children under eighteen in Census 2000, we assumed that the householder filed as head of household and that the partner filed as single. Second, when the householder has no children living with them, we assume that both partners currently file as single and will file jointly if allowed to marry.

We calculate taxes twice, with and without the joint filing status. Given the available data, use a simplified tax simulation for estimates. To calculate Maryland gross income, add together all forms of income. Then, assume each partner claimed one exemption apiece if single, another if over age sixty-five, and one dependent exemption per child. Apply the 2006 Maryland state tax schedule to calculate the taxes owed by each individual and couple: (1) first, when each partner

21. Public Use Microdata Samples, <http://www.census.gov/main/www/pums.html> (last visited Mar. 10, 2008).

22. See James Alm & Leslie A. Whittington, *For Love or Money? The Impact of Income Taxes on Marriage*, 66 *ECONOMICA* 297, 309–10 (1999) (finding that the “marriage penalty”—the situation in which some couples pay more taxes when they marry than if they remain single—has a relatively small effect on an individual woman’s decision to marry, whereas there is statistically no negative effect on men).

files as single or as head of household (if children are present), and (2) second, when the couple files jointly.

Our model shows that state income taxes would decrease for approximately seventy-five percent of same-sex couples in Maryland if they could file jointly as married couples. The average decrease in their taxes would be fifty-four dollars. For three percent of couples, filing jointly would have no impact on their taxes; twenty-two percent would see their taxes increase, with an average increase in taxes of eighty-eight dollars.

Table 1 presents the average and total changes in income taxes paid by couples in the three categories. Assuming that fifty-percent of these individuals will marry, as per our discussion in Section I, the projected decrease in income tax revenue is slightly over \$132,000.

Table 1: Summary of income tax revenue calculations

	Percent of Couples	Average Change in Taxes per Couple	Total Change
Increase in Taxes	22 percent	\$88	\$248,831
Same Amount of Taxes	3 percent	0	0
Decrease in Taxes	75 percent	(\$54)	(\$514,210)
Net Change in Income Tax Revenue if All Marry	—	—	(\$265,380)
50 percent TOTAL	—	—	(\$132,690)

B. Impact on Inheritance Tax

Allowing same-sex couples to marry would minimally impact the amount of revenue that Maryland collects from its inheritance tax. The inheritance tax is levied on property that passes under a will or under the intestate laws of succession, and on property that passes from a decedent to beneficiaries.²³ Property passing to a spouse is exempt from taxation in Maryland. Additionally, property passing to lineal descendants or their spouses, as well as a parent, grandparent, stepchild, stepparent, siblings, or charities, is exempt from taxation.

23. See Comptroller of Maryland, *Inheritance Tax*, <http://individuals.marylandtaxes.com/estatetax/inherit.asp> (last visited Mar. 10, 2008).

For all other individuals, the rate of taxation is ten percent of the value of property passed.

Currently, the state taxes same-sex couples at the same rate as other unmarried individuals, even if a same-sex couple would choose to marry if permitted. Calculating the impact of extending marriage to same-sex couples on inheritance tax revenue is complicated. Same-sex couples' estates will inevitably vary in terms of size and value, the extent to which they choose to leave all or part of their estates to their partners, the number of other beneficiaries to their estates, and the measures they may take to mitigate the taxation of estates that will be inherited by their partners. Accordingly, we estimate the following impact of same-sex marriage on inheritance tax revenue using the most recent and reliable data available on Maryland same-sex couples and U.S. households. Moreover, our assumptions about these couples are intentionally as conservative as possible, producing estimates on the high end of the likely range of costs to the State.

1. Mortality of domestic partners

To calculate the impact that extending marriage to same-sex couples would have on inheritance tax revenue, first we must determine the number of individuals in a same-sex relationship who die annually. To do so, we first determine the number of individuals in same-sex couples, which is double the number of Maryland's same-sex couples noted earlier, to get 31,214.²⁴ We then use Maryland's annual age-adjusted death rate (.0091)²⁵ to estimate the mortality of individuals in these couples. Multiplying these numbers, we calculate that 284 individuals in same-sex couples die each year.

As explained in Section I, 50 percent of same-sex couples would marry if allowed. Based on that assumption, we estimate that 142 same-sex spouses would die each year. With an average of 142 deaths per year we can approximate the impact of same-sex marriage on Maryland's inheritance tax revenue.

2. Median transfer inheritance tax for surviving unmarried same-sex partners

Next, we estimate the median tax that—in the absence of marriage rights—would be paid by a decedent's same-sex survivor.

24. $15,607 (2) = 31,214$.

25. The Joint Center, *Table 29: Age-adjusted death rates, according to race, Hispanic origin, geographic division, and State: United States, average annual 1979–81, 1989–91, and 1997–99* (2001), http://www.jointcenter.org/DB/table/census_2000/Alcoa/health/ageadjusted_deathrate_99.pdf.

Here, we use the median net worth of households in the United States from the 2004 Survey of Consumer Finances, adjusted for inflation.²⁶ We do not use the median net worth of all couples, but instead the median net worth of couples falling into five percentile groups in terms of net worth. This allows us to capture the fact that, depending on the size of the decedent's estate, some surviving partners may pay no inheritance tax while others may pay a substantial amount. We then divide the median household net worth for each percentile group by two, assuming that unmarried couples roughly share the assets and liabilities in their households.

Next we take into account the probate and funeral expenses, which will reduce the taxable value of these estates. In Maryland, a probate fee is charged for the estate's administrative processing. These fees range from \$2 to over \$2,500, depending on the size of the estate.²⁷ In addition to administrative charges, fees for personal representatives and/or attorneys of the estate may be deducted. For estates over \$20,000, the maximum cost for these fees is set at \$1,800 plus 3.6 percent for amounts over \$20,000; for estates under \$20,000, the maximum fee is 9 percent.²⁸ To estimate funeral expenses we use the current average cost of an adult funeral in the United States, which is \$7,323.²⁹

In order to determine the size of the decedent's estate that would be inherited by his or her unmarried partner, we take into account two common bequests that do not generate inheritance taxes under Maryland law: gifts to charities and children. Many individuals, particularly those with larger estates, will make charitable bequests, which constitute the largest bequests with the exception of those to surviving spouses.³⁰ Both Maryland and the federal IRS exempt such

26. Brian K. Bucks, Arthur B. Kennickell, & Kevin B. Moore, *Recent Changes in U.S. Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finances*, FEDERAL RESERVE BULLETIN (2006), available at <http://www.federalreserve.gov/Pubs/Bulletin/2006/financesurvey.pdf>.

27. MARYLAND REGISTER OF WILLS OFFICE, ADMINISTERING ESTATES IN MARYLAND: A BASIC INSTRUCTIONAL GUIDE (2007), available at <http://www.registers.state.md.us/html/2007/AdministrationBooklet07.pdf>.

28. See *id.* If the property subject to administration is \$20,000 or less, the commission may not exceed 9 percent of the gross estate. If the property subject to administration is over \$20,000, the commission may not exceed \$1,800 plus 3.6 percent applied to the excess over \$20,000. Because probate is a specialized service, with limited competition, we assume that the average costs will be very close to the maximum of 3.6 percent applied to larger estates.

29. National Funeral Directors Association, *2006 Cost of Adult Casketed Funeral with Viewing and Ceremony* (2006) (average cost of an adult funeral in the United States with casket and vault is \$7,323).

30. Internal Revenue Service, *Estate Tax Returns Filed in 2004 by Tax Status and Size of Gross Estate (SOI Estate Tax 2004 Data Table)*, <http://www.irs.gov/pub/irs->

bequests from taxation.³¹ While a recent study revealed that 8% of the population has included charitable bequests in estate plans,³² the best information about charitable bequests comes from federal estate tax returns, which in 2005 were required for estates worth more than \$1.5 million; the data about such returns indicates that the frequency and size of charitable bequests usually increase with the value of the estate.³³

Accordingly, we only calculate a charitable deduction for our top quartile of individuals. We assume these individuals will have charitable bequest patterns similar to decedents filing federal estate tax returns: on average nineteen percent will make charitable bequests, which will represent fourteen percent of their net estate.³⁴ We use these statistics to create a weighted average charitable deduction of three percent for all decedents falling in our top quartile. Again, these estimates are conservative because members of same-sex couples in Maryland might currently make larger charitable bequests than married persons, in order to avoid the tax consequences of bequeathing to unmarried partners.

In addition to charitable bequests, twenty-one percent of same-sex couples in Maryland have children under eighteen years old in their households. Some of these individuals will leave all or a portion of their estates to their children. Accordingly, we next estimate deductions resulting from gifts to children. It is difficult to determine how many individuals will bequeath all or a share of their estate to their children. Studies of married couples reveal a majority of married testators—fifty to eighty-five percent—leave everything to their surviving spouse, even when they have surviving children.³⁵ Therefore, we make the conservative assumption that only fifteen percent of individuals in a same-sex partnership with children will leave a portion of their estate to their children; this is equivalent to the lowest estimate of married couples leaving a gift to their children. We

soi/04es01fyx.xls (last visited Mar. 13, 2008); Gary D. Bass & John S. Irons, Congressional Budget Office, *The Estate Tax and Charitable Giving: Policy Summary*, OMB WATCH (2003), available at http://www.ombwatch.org/budget/pdf/ESTC_full.pdf.

31. MD. ANN. CODE [Tax-General] § 7-203(e) (2007).

32. See Korky Vann, *Where There's a Will, There's a Way*, HARTFORD COURANT, July 10, 2001, at D5 (reporting on a study by the National Committee on Planned Giving finding eight percent of the population includes a charitable bequest in a will).

33. Internal Revenue Service, *Estate Tax Returns Filed in 2005 by Tax Status and Size of Gross Estate (SOI Estate Tax 2005 Data Table)*, <http://www.irs.gov/pub/irs-soi/05es01fyx.xls> (last visited Mar. 13, 2008).

34. *Id.*

35. J. Thomas Oldham, *What Does the U.S. System Regarding Inheritance Rights of Children Reveal about American Families?*, 33 FAM. L.Q. 265, 269 (1999).

estimate that, on average, these individuals will leave half of their estates to their children.³⁶ We then calculate a weighted average for bequests to children: 1.6 percent for all individuals in unmarried partnerships.³⁷

After these deductions are taken out, we conservatively assume that the decedent has deployed no other estate planning strategies to reduce inheritance tax liability. However, it is quite likely that in order to avoid inheritance taxes, decedents with unmarried partners, especially wealthy ones, already employ other lawful measures to reduce the tax burden.

Finally, to estimate the median tax burden for estates of decedents in each percentile group, we compute the Maryland inheritance tax for our estimated median taxable estates that would pass to unmarried same-sex partners. We begin with 2007, although it is likely that it would take some time before same-sex couples' right to marry would take effect. Table 2 summarizes the steps described above to determine the taxable estate for decedents in same-sex couples, in each net worth group.

36. Obviously, some individuals might leave all of their estates to their children while others may only leave a fraction. We choose 50 percent, in part, based on our conservative assumption about the percentage of unmarried individuals who are leaving a portion of their estate to their children.

37. Thus, we assume 79 percent of individuals in same-sex relationships in Maryland do not have children and will leave no bequests to children. Of the 21 percent who do have children, we assume that 85 percent will leave nothing to their children and the remaining 15 percent will leave 50 percent of their estates to their children. Thus, the weighted average for the size of the bequest to children is $[(79*0) + (17.85*0) + (3.15*0.5)] / 100$.

Table 2: 2007 estimated inheritance tax for unmarried same-sex partners by percentiles based on household net worth

Percentile Group by Net Worth	A Median Household Net Worth	B Individual Net Worth (A*0.5)	C Probate Expenses ³⁸ (B*0.964)	D Funeral Expenses (C-\$6,500)	E Charitable Bequests [D-(B*0.03)]	F Children Bequests [E-(B*.016)]	G Tax (filing threshold = \$1M in Maryland)
<25 percent	\$1,860	\$930	\$845	\$0	\$0	\$0	N/A
25-50 percent	\$47,705	\$23,853	\$21,764	\$15,264	\$15,264	\$14,882	N/A
51-75 percent	\$186,772	\$93,386	\$88,644	\$82,144	\$82,144	\$80,650	N/A
76-90 percent	\$554,518	\$277,259	\$265,698	\$259,198	\$251,422	\$247,171	N/A
91-100 percent	\$1,564,752	\$782,376	\$752,130	\$745,630	\$723,261	\$711,227	N/A

3. Aggregate impact on inheritance tax revenue

To determine the aggregate impact of same-sex marriage on inheritance tax revenue, we multiply the estimated number of same-sex partners likely to die annually by the estimated median tax burden for surviving partners in each percentile group. We do this by dividing the estimated number of such decedents into our net worth percentile groups and then multiplying by the median tax burden for each group. We then add the aggregate tax burdens for each group together to estimate the overall impact on inheritance tax revenue.

In 2007, we find no projected inheritance tax burden due to the high filing threshold set for the inheritance tax of \$1,000,000. The same is true for subsequent years, when the filing threshold is raised even higher. Thus, we conclude that the tax liability for unmarried same-sex partners—after the relevant expenses and bequests have been deducted from the estate value—is negligible. Eliminating that tax liability through marriage would have little or no effect on state inheritance tax revenue.

An alternative way to consider the Maryland's potential loss from changes in inheritance tax revenue is to use federal data on spousal bequests. The IRS reports that the average taxable estate in

38. Probate expense calculations in Table 2 include both administrative and personal representative/attorneys' fees and costs.

2003 included a spousal bequest of \$5.3 million. If we assume that a same-sex unmarried partner leaving an estate of similar size, would bequeath the same amount to their partner, opting not to incorporate a charitable bequest in order to reduce the tax burden, the partner would now be liable for \$530,000 in Maryland inheritance tax. In order to account for the fact that only a small percentage of the population is subject to the inheritance tax, we divide the total number of spousal bequests over one million dollars (2,718) by the number of married people who died that year (945,795)³⁹ and then multiply the result by the number of same-sex spouses estimated to die annually.⁴⁰ We conclude that less than one (0.40)⁴¹ same-sex spouse would have been liable for the state inheritance tax in a given year if unmarried, or rather that a same-sex unmarried partner's estate would have generated tax revenue approximately twice every five years. The loss to the State of Maryland of \$1,060,000 every five years is minimal and supports the conclusion that marriage for same-sex couples is unlikely to have any significant impact on Maryland's inheritance tax revenue. We conservatively include in our estimate that the State will lose an average of \$217,300⁴² in inheritance tax revenues each year if it were to make marriage available to same-sex couples.

C. Impact on Transfer Tax Revenue

In general, real estate sales are subject to a state transfer tax equal to 0.5 percent of the selling price.⁴³ Certain kinds of transfers are exempt from taxation, however, including transfers of property between spouses or former spouses.⁴⁴ Under current law, transfers of property between members of an unmarried same-sex couple are taxable. Therefore, if same-sex couples are allowed to marry, some transfers that were once taxable will no longer be. Thus the State's transfer tax revenue might be affected by same-sex marriage.

We expect the potential impact of such transfers on tax revenues to be relatively insignificant.. The key question involves the

39. Kenneth D. Kochanek, et al., *Deaths: Final Data for 2002*, 53.5 NATIONAL VITAL STATISTICS REPORTS 1, 11 (Oct. 12, 2004), available at http://www.cdc.gov/nchs/data/nvsr/nvsr53/nvsr53_05acc.pdf.

40. Internal Revenue Source, *Estate Tax Returns Filed in 2003 by Tax Status and Size of Gross Estate*, (Oct. 2007), available at <http://www.irs.gov/taxstats/indtaxstats/article/0,,id=96442,00.html>.

41. $(2,718/945,795)(142) = .408$.

42. $(530,000)(.40) = \$212,000$.

43. MD. CODE ANN., TAX-PROP § 13-203(a) (2007).

44. MD. CODE ANN., TAX-PROP §§ 12-108(d), 13-207(a)(3) (2007).

number of taxable transfers that currently occur between same-sex partners and former partners, which would go untaxed if the couple were married. We believe such transfers are rare for several reasons.

1. Dissolution-related transfers

First, transfers between partners ending their relationship occur infrequently due to the low rate of dissolution of same-sex relationships in each given year. In Vermont, about one percent of civil unions dissolve annually.⁴⁵ Assuming the same percentage exists in Maryland, roughly 150 relationships out of the estimated 15,600⁴⁶ unmarried same-sex couples in Maryland dissolve each year. Second, sixty-six percent of Maryland's same-sex couples live in a home owned by one or both of the partners.⁴⁷ As a result, only an estimated one hundred dissolutions per year have the potential to generate a taxable real estate transaction. However, as some homes may not be jointly owned, some of those couples will not transfer real estate. In addition, the tax currently creates an incentive to seek ways of dividing property that do not involve taxable transfers of real estate. To take this factor into account, we assume that only half, or fifty, of such couples will jointly own real estate. Finally, some non-marital dissolution-related taxable events are likely to continue once same-sex couples are allowed to marry since only half of such couples are likely to do so. Thus, up to 25 taxable events per year under current law could potentially be avoided if same-sex couples can marry. Overall, we expect a negligible fiscal impact for transfers related to dissolutions.

2. Other transfers

Transfers between unmarried same-sex partners seem most likely to occur when one partner brings property to the relationship and wants to share ownership with the other partner. But it is unlikely that such transfers currently generate significant transfer tax revenues. First, two-thirds of Maryland's same-sex couples live in a house owned by one partner, meaning that one-third of same-sex couples do

45. Vermont recorded 7,800 civil unions from 2000 through 2005. 1,234 of the civil unions involved Vermont residents. In this same time period, Vermont's family courts have entered 92 dissolutions of civil unions, or an average of 15 per year. Only Vermont residents may dissolve civil unions. Email from Patrick Cummings, Vermont Department of Health, Vital Records Office, to R. Bradley Sears, Executive Director, Williams Institute, UCLA School of Law (July 14, 2006) (on file with author).

46. The range was established by using Census 2000 and 2005 ACS data. The numbers were rounded down to make calculations easier and ensure more conservative figures.

47. ADAM P. ROMERO ET AL., CENSUS SNAPSHOT: MARYLAND (November, 2007), available at <http://www.law.ucla.edu/williamsinstitute/publications/MarylandCensusSnapshot.pdf>.

not own a home. Second, both partners might have purchased the home together, so no transfer between partners would be needed. Third, in other cases, the owning partner might not have transferred ownership simply because of the existence of the tax.

Statewide, in fiscal year 2007, the median sales price of a Maryland home was \$315,000.⁴⁸ A transfer of half the value of that home to an unmarried partner would have generated \$793 in transfer tax revenue for the State. Next we make the highly conservative—although highly implausible—assumption that two-thirds of marrying couples, or 5,200 existing homeowners, would have transferred half of the ownership in the home in the absence of marriage. Thus, same-sex marriage would render these events non-taxable. However, as noted above, the true number is likely to be much less than 5,200, since we are assuming that no couple had undertaken such a change in title up to this point. Still, using this very conservative figure, over several years the State could lose a maximum of \$4,123,600.

Finally, it is likely that the right to marry could generate additional sales of homes to same-sex couples, thus increasing transfer tax revenue, as argued in a recent study by the New York Comptroller's Office.⁴⁹ The emotional stability and financial security associated with marriage may encourage same-sex couples to purchase a house, and those sales to couples will generate new tax revenue. Indeed, Census data suggest that there is room for home sales to rise. The rate of home ownership among married different-sex couples in Maryland is 83 percent, significantly higher than the 66 percent rate among same-sex couples.⁵⁰

Such an increase in revenue from new sales would help to offset any loss in taxes from untaxed transfers. Therefore, we conclude that the net transfer tax revenue impact of marriages by same-sex couples is likely to be quite small in any given year, whether positive or negative.

D. Impact on Sales Tax

Extending the right to marry to same-sex couples would very likely increase spending on wedding-related goods and services by in-state and out-of-state same-sex couples. Presently, Massachusetts is

48. MARYLAND STATE DEPARTMENT OF ASSESSMENTS AND TAXATION, FISCAL 2007 RESIDENTIAL SALES BY QUARTER (2007), available at <http://www.dat.state.md.us/sdatweb/stats/fy07rsbq.html>.

49. OFFICE OF THE NEW YORK STATE COMPTROLLER, *supra* note 13.

50. Romero et al., *supra* note 47.

one of a couple states allowing same-sex marriage, but it does not allow marriage by the majority of non-resident couples.⁵¹ Therefore, if Maryland allowed same-sex marriage—regardless of couples' residency status—an increase in sales tax revenue is a possible result of increased wedding and tourism revenue.

In Section VI we outline our estimates of the new spending by same-sex couples.⁵² In addition to boosting add-on sales tax and additional occupancy taxes, the state and local governments would directly benefit from this increased spending through the state retail sales tax. Based on our analysis presented in Section VI,⁵³ we estimate that a decision by Maryland to allow same-sex couples to wed could result in approximately \$282 million in additional spending on weddings and tourism in the State. Because Maryland imposes a tax of five percent on the sale of most services, this spending could generate about fourteen million dollars in tax revenue, with \$3.19 million from in-state couples and \$10.9 million from out-of-state couples. Tax revenue could be higher, depending on the amount spent for specially taxed, tourism services like car rentals (taxed at a rate of 11.5%).⁵⁴

E. Summary of Tax Effects

Table 3 summarizes the tax effects of allowing same-sex couples to marry. We spread the property transfer tax and sales tax effects over three years to make them comparable with the income and inheritance tax estimates. The decrease in tax revenue for income, inheritance, and property transfer taxes are significantly smaller than the predicted increase in sales tax, even with the extremely conservative assumption about property transfer tax revenue. The net effect would be a gain to the State of almost three million dollars per year.

51. MASS. GEN. LAWS ch. 207, § 11 (1998). Massachusetts has interpreted a 1913 marriage evasion law to forbid all marriages that would be illegal in the state in which an out-of-state couple resides. *Id.*

52. *Infra*, Section VI.

53. *Infra*, Section VI.

54. Comptroller of Maryland, *Sales and Use Tax*, <http://individuals.marylandtaxes.com/usetax> (last visited Mar. 14, 2008). We also note that sales taxes only capture the most direct tax impact of increased tourism. Businesses and individuals will also pay taxes on the new earnings generated by wedding spending, providing a further boost to the State budget.

Table 3: Summary of annual tax impact for Maryland

Tax Type	Impact After Same-Sex Marriage
Income Tax (annually)	(\$133,000)
Inheritance Tax (annually)	(\$212,000)
Property Transfer Tax (annually over 3 years)	(1,375,000)
Sales Tax (annually over 3 years)	\$4,706,000

III. PUBLIC ASSISTANCE SAVINGS

Marriage implies a mutual obligation of support that is reflected in public assistance eligibility calculations. This section looks at the potential savings to the State if extending marriage means that same-sex couples are less likely to need public assistance or are less likely to qualify for it.

A. Public Benefits Programs

Maryland funds an array of public benefits programs with state and federal sources, which provide subsidies and assistance to low-income individuals and families. Maryland's main Temporary Assistance to Needy Families (TANF) program is the Family Investment Program (FIP), the core components of which are Temporary Cash Assistance (TCA), Welfare Avoidance Grants (WAG), Emergency Assistance to Families with Children (EAF), Disaster Assistance, and local Alternative Programs.⁵⁵ Maryland also offers separate state-funded TCA programs for certain individuals and families who do not qualify for FIP programs.⁵⁶ Other forms of assistance available to low income people in Maryland include Supplemental Security Income (SSI), Medical Assistance (Medicaid), Public Assistance to Adults (PAA), Temporary Disability Assistance Program (TDAP), Medical Assistance Long Term Care (LTC), Maryland Children's Health Program (MCHP), Child Care Assistance, Maryland Energy Assistance Program (MEAP), Electric Universal Service Program (EUSP), Tel-life (Lifeline), Food Stamps, Emergency Food Program (EFP), and Burial Assistance.⁵⁷

55. MARYLAND DEPARTMENT OF HUMAN RESOURCES, TANF STATE PLAN: FEDERAL FISCAL YEARS 2006–2008 1 (2006), available at <http://www.dhr.state.md.us/fia/pdf/tanf06.pdf>.

56. *Id.* at ii.

57. *Id.* at iii.

B. Savings with Same-Sex Marriage

Eligibility for public assistance is means-tested and therefore dependent on the individual applicant's income and assets, as well as, for many programs, those of the applicant's family. For the many programs that consider a spouse's income and assets, a married applicant is generally less likely to qualify for assistance than single applicants. Because same-sex couples are not permitted to marry in Maryland, people with same-sex partners are likely to be considered "single" when eligibility for these programs is assessed, for neither the State nor the federal government currently requires applicants to include an unmarried same-sex partner's income and assets. This "single" classification results in same-sex partners being more likely to qualify for public assistance. If same-sex couples were able to marry, however, both partners' income and assets could be counted in determining eligibility, thus increasing the likelihood that applicants would exceed income or asset thresholds. With fewer same-sex couples participating in public benefits programs, state expenditures would be significantly reduced.

In Maryland, the main assistance programs that take marital status into account in eligibility determinations are the Family Investment Program (FIP), Medical Assistance (Medicaid), Maryland Children's Health Program (MCHP), and Supplemental Security Income (SSI). Our calculations below, therefore, focus on these programs. Yet, because extending marriage to same-sex couples is likely to trim state spending on many public assistance programs not included in our calculations,⁵⁸ the estimates below are conservative.

For FIP (and for individuals qualifying for other benefits such as Medical Assistance because they receive FIP) and for MCHP, the State generally determines applicant eligibility standards.⁵⁹ With respect to these programs, then, the State would be able to count a same-sex spouse's income and assets in determining the eligibility of an individual or family. For SSI and Medicaid, however, the federal government determines the generally applicable eligibility standards,

58. Some same-sex couples' families may become eligible for some family-related benefits if the couple is allowed to marry. However, the relative amount of money expended on such programs is very small, and these types of family-related benefits are not in the form of direct financial assistance; rather, they take the form of assistance via educational and similar programs. Consequently, we do not offset our calculations to account for this possibility.

59. See Reauthorization of the Temporary Assistance for Needy Families Program, 71 Fed. Reg. 37,454, (June 29, 2006) (to be codified at 45 C.F.R. pt. 261, 262, 263, 265) and Centers for Medicare and Medicaid Services, 42 C.F.R. §457.1 (2001).

restricting the State's discretion in developing its own application standards and procedures. Because the federal Defense of Marriage Act (DOMA) purports to limit the definition of the word "spouse" to different-sex marriages, Maryland may be prohibited from including a same-sex spouse in eligibility determinations for those programs.⁶⁰ Nonetheless, in assessing eligibility for Medicaid and SSI, Maryland may still be able to take into account the resources of same-sex spouses under state and federal regulations that require Maryland to consider the resources of third parties who are legally liable for health care costs.⁶¹ Medicaid is a provider of last resort, and federal and state law require the State to assure that Medicaid recipients utilize all other available resources, i.e., third parties, to pay for all or part of their medical care needs before turning to Medicaid.⁶² Third parties are entities or individuals who are legally responsible for paying the medical claims of Medicaid recipients.⁶³ They include any "individual who has either voluntarily accepted or been assigned legal responsibility for the health care" of a Medicaid applicant or recipient.⁶⁴ The income and assets of a same-sex spouse might be considered under this "third party" category, resulting in essentially the same eligibility determinations as if a "spouse" category was applied.

60. DOMA is a federal law that limits the definition of "spouse" in all federal laws and regulations to refer "only to a person of the opposite sex who is a husband or a wife." Defense of Marriage Act, Pub. L. 104-199, § 3(a), 100 Stat. 2419, 2419 (2006) (codified at 1 U.S.C. § 7). "Spouse" is the term used to specify individuals whose assets and income may be taken into account for SSI and Medicaid eligibility purposes. Thus, arguably, DOMA would prevent the state from interpreting the term "spouse" in the regulations to include a same-sex spouse. A related issue has arisen in Vermont with respect to that state's treatment of couples in a civil union within the Medicaid program. See David Mace, *Critics Say Rule Change Violates Civil Unions*, THE TIMES ARGUS, Apr. 17, 2003. Recent correspondence from the Centers for Medicare and Medicaid Services to state agencies in Vermont and Massachusetts suggests that the states cannot treat same-sex spouses in the same way that different-sex spouses are treated in the Medicaid program.

61. Federal law mandates that states must "take all reasonable measures to ascertain the legal liability of third parties to pay for care and services available" under Medicaid and to seek reimbursement in cases "where such legal liability is found to exist." 42 U.S.C. 1396a (2007). In contrast, Maryland law dictates that "[a]s a condition of eligibility for medical assistance, a recipient is deemed to have assigned to the Secretary of Health and Mental Hygiene or the Secretary's designee any rights to payment for medical care services from any third party who has the legal liability to make payments for those services, to the extent of any payments made by the Department on behalf of the recipient." MD. CODE ANN., HEALTH-GEN. § 15-109 (2007).

62. See 42 U.S.C. 1396a and MD. CODE ANN., HEALTH-GEN. § 15-109.

63. 42 CFR 433.136 (2004).

64. CENTERS FOR MEDICARE AND MEDICAID SERVICES, STATE MEDICAID MANUAL, 3900.1 (2005), <http://cms.hhs.gov/manuals/PBM> (follow Publication #45: The State Medicaid Manual hyperlink).

C. Calculations of Savings

To estimate the impact of permitting same-sex marriage, we again draw on Maryland data from Census 2000. The Census asked respondents to report the amount of income from various sources, including the amount received from Supplemental Security Income (SSI) and from “public assistance or welfare payments from the state or local welfare office” in 1999.⁶⁵ According to census data, in 1999 same-sex couples in Maryland received \$2,339,100 in SSI and \$254,166 in public assistance. These totals represent, respectively, 0.55 percent of all SSI income and 0.2 percent of all public assistance received in Maryland in 1999.⁶⁶ If we assume that the proportions of SSI and public assistance to same-sex couples remain the same in 2006, we can estimate current spending by multiplying those percentages by the total amount of money Maryland currently spends on those programs.⁶⁷ Because the Census does not define with any precision “public assistance,” we utilize the 0.2 percent for every type of public assistance, with the exception of SSI, which is reported separately on the Census.

To calculate Maryland’s savings from same-sex marriage, we again assume that half of the same-sex couples will marry. This assumption takes into account the fact that the possible loss of benefits will deter some same-sex couples from entering marriages.⁶⁸ However, an adjustment must be made to account for the fact that some same-sex spouses, though married, will continue to qualify for benefits,⁶⁹ just as some currently married couples do.⁷⁰ We assume that half of same-sex

65. U.S. CENSUS BUREAU, PUBLIC USE MICRODATA SAMPLE 2000 CENSUS OF POPULATION AND HOUSING, D-8 (2005) available at <http://census.gov/prod/cen2000/doc/pums.pdf>.

66. For each category (SSI and public assistance), percentages were calculated by dividing the amount that same-sex couples in that category received by the total amount received in that category in Maryland.

67. We use the most recent data available on expenditures because they are more likely to reflect current and future expenditures than 1999 levels. Therefore, we do not merely inflate the 1999 expenditures to 2007 levels because expenditures in 1999 differ from recent years.

68. Research on welfare benefits finds at most a very small disincentive effect. See Robert Moffitt, *Incentive Effects of the U.S. Welfare System: A Review*, 30 J. OF ECON. LIT. 27 (1992).

69. For example, when a couple marries, the applicant’s partner may have few assets and low income, allowing the program recipient to remain in the public assistance program.

70. According to the Census, in Maryland in 1999, 1.57 percent of same-sex couples received SSI and 1.04 percent of same-sex couples received public assistance; 0.76 percent of married couples received SSI and 0.48 percent of married couples received public assistance. For each category (SSI and public assistance), percentages were calculated by dividing the

couples marry and that same-sex spouses will receive SSI and public assistance at the same rate as different-sex spouses, i.e. 0.76 percent and 0.48 percent, respectively. Further, we assume that unmarried same-sex couples will continue to receive SSI and public assistance at the currently observed rates, i.e. 1.57 percent and 1.04 percent, respectively. We estimate, then, that current expenditures on same-sex couples would be reduced by about 26 percent for SSI and 27 percent for public assistance.⁷¹

With same-sex marriage, we anticipate the total savings to the State in public assistance expenditures to exceed \$1.5 million per year, as summarized in Table 4. This estimate includes savings not only in state funds,⁷² but also in federal FIP/TANF funds because the TANF block grant Maryland receives from the federal government is not likely to be reduced if fewer people in same-sex relationships qualify. That is, if marriage for same-sex couples means fewer FIP recipients, but not less federal funding, savings will accrue to the State in the form of freed federal monies. These calculations also assume that DOMA will not bar the State from including a same-sex spouse's income and assets to calculate eligibility for Medicaid and SSI. If DOMA does prevent the State from including same-sex spouses in eligibility determinations for Medicaid and SSI, then the savings from public benefit programs where the State determines eligibility would be approximately \$172,000. As noted above, however, even if DOMA prevents the State from directly counting same-sex marriages, the State may still be able to count both spouses' incomes and assets via regulations concerning the financial obligations of legally responsible third-parties.

number of married same-sex couples that receive benefits by the total number of married or same-sex couples in Maryland. The numbers were derived from the 2000 Census.

71. The reduction rate for public assistance was calculated as follows: $.5[1 - (.48/1.04)] = .269$, or 26.9 percent. The reduction rate for SSI was calculated as follows: $.5[1 - (.76/1.57)] = .258$, or 25.8 percent.

72. Our calculations do not include the over \$100 million in state monies used to fund the state Earned Income Tax Credit, since eligibility is assessed through the income tax system, whereas other public assistance and non-assistance programs are funded by the TANF block grant.

Table 4: Expenditures on public assistance programs

	Estimated State Spending on Same-Sex Couples in 2006	Estimated Savings in State Funds after Same-Sex Marriage
FIP/TANF	\$494,600	\$133,200
MCHP	\$145,200	\$39,100
SUBTOTAL	\$639,800	\$172,300
Medicaid	\$4,887,900	\$1,316,000
SSI	\$50,900	\$13,100
TOTAL	\$5,578,600	\$1,501,400

IV. EXPANSION OF EMPLOYEE BENEFITS TO MARYLAND'S SAME-SEX COUPLES

A. Healthcare Benefit Plans

Maryland provides certain fringe benefits to state employees, employees' spouses, and their dependent children.⁷³ The State offers a choice of eight healthcare plans to its employees: two of these plans are PPO, three are POS, and three are HMO.⁷⁴ An employee has the option to provide healthcare coverage to a spouse under all eight of these plans.⁷⁵ Maryland also provides certain retirement and death-related benefits to the spouses of employees and retirees.⁷⁶ Because Maryland does not offer health care benefits to employees' same-sex partners, extending marriage to same-sex couples will likely result in a rise in the State's contribution to health insurance benefits.

An increase in state expenditures could result via two scenarios. Some employees previously insured as a single, may choose to cover their same-sex spouse; the State's contribution for health benefits would thereby increase. More, an employee may choose to cover their same-sex spouse's children. We estimate the change in the State's contributions, bearing both of these possibilities in mind.

73. MARYLAND DEPARTMENT OF BUDGET AND MANAGEMENT, JULY 2007–JUNE 2008 GUIDE TO YOUR HEALTH BENEFITS 14–20 (2007), available at http://dbm.maryland.gov/dbm_publishing/public_content/dbm_search/employee_services/health_benefits/2008_health/205730deptbudget.pdf.

74. *Id.* at 14.

75. *Id.*

76. http://www.sra.state.md.us/retiree_faqs.htm

According to the 2000 Census, approximately twenty-one percent of same-sex couples in Maryland have children.⁷⁷ We conservatively estimate that half of the children of Maryland's gay and lesbian employees are those of the non-employee partner. Thus, we estimate that approximately 10.5 percent of Maryland's gay or lesbian public employees would add both a spouse and one or more children to their health insurance, given the ability to marry. This is likely a considerable overestimation, as some of the children in the households of same-sex couples have likely been legally adopted by the non-biological parent. Consequently, even if the child was not the employee's biological child, the employee could already be obtaining health insurance coverage for an adopted child. Nonetheless, we make these assumptions in order to take into account the impact of moving from single coverage to coverage for an employee and two or more additional individuals, as the State's contribution in this case is larger than if the employee adds only a spouse.

To calculate the increase in the State's contributions, we have determined (1) the average annual state contribution for an employee and one additional person and (2) the average annual state contribution for an employee and two or more family members.⁷⁸ We subtracted these numbers from the average annual state contribution paid solely on behalf of an employee.⁷⁹ The resulting figures indicate the increase in the annual state contribution resulting from either adding only a spouse to a medical plan, or from adding a spouse and one or more children. The increases conservatively range from \$2,520 to \$3,396 for active employees adding only a spouse,⁸⁰ \$4,736 to \$5,749 for active employees adding a spouse and one or more children, and \$2,376 to \$2,880 for retirees adding a spouse.⁸¹

77. Romero et al., *supra* note 47.

78. MARYLAND DEPARTMENT OF BUDGET AND MANAGEMENT, STATE OF MARYLAND FY 2007 HEALTH INSURANCE PREMIUMS: EMPLOYEE/RETIREE (2007), available at http://www.dbm.maryland.gov/dbm_publishing/public_content/dbm_searchemployee_services/health_benefits/2006_july_health/fy_2007_rates_all_charts_for_review_website.pdf.

79. MARYLAND DEPARTMENT OF BUDGET & MANAGEMENT, ANNUAL PERSONNEL REPORT: FISCAL YEAR 2006 (2007), available at http://dbm.maryland.gov/dbm_publishing/public_content/dbm_taxonomy/employee_services/annual_report_fy_06.pdf.

80. The calculation of the average cost of adding an additional person was based on the state contribution for a plan with two covered persons. Maryland could already be paying the contribution for two persons, if a same-sex partner has a child on the plan. Further, if a same-sex partner already has two children on the plan, there would be no additional cost for adding a fourth person onto the plan. Thus, the estimates provided are likely overestimates.

81. For retirees, the state contribution differs depending on whether the retiree and his/her spouse are on Medicare. We assumed that for half of all retirees, only the retiree is 65 or older, and thus entitled to receive Medicare; for the other half of all retirees, we assumed

Both active and retired employees are entitled to the same spousal health benefits. Based on the experience of other employers,⁸² approximately 0.1 percent to 0.3 percent of Maryland's active and retired state employees who receive health care benefits are likely to sign up a partner. By simply multiplying the total number of employees (69,113) and retirees (33,953)⁸³ receiving benefits by the upper and lower bounds of these rates (0.1 percent and 0.3 percent), we are able to determine the approximate number of employees who would sign up a partner. The figure for active employees is then multiplied by 89.5 percent to determine the number of employees who would add only a partner, and by 10.5 percent to determine the number of employees estimated to add both a partner and one or more children; we do not repeat this process for retirees, given that these individuals are far less likely to have dependent children in the home. We then assume that the employees with benefits conferred to same-sex spouses would be spread across plans in the same way that current employees and retirees are distributed.

Applying these principles, we multiply the number of spouses added under each plan as a result of same-sex marriage by the increase in the average annual state contribution. If 0.3 percent of employees and retirees with a health plan sign up a same-sex spouse or a same-sex spouse and child, we find that the total state contributions for all eight healthcare plans would increase by approximately \$657,000 for active employees and \$284,800 for retirees. This would be the upper bound of the state contribution increase. If 0.1 percent of all employees and retirees sign a same-sex partner up for a health plan, then the total state contributions for the eight healthcare plans would increase by approximately \$219,000 for active employees and \$95,100 for retirees. State contributions to healthcare costs could, therefore, increase by a total of about \$313,800 to \$941,900.

that the spouse is also entitled to receive Medicare. Thus, we averaged the cost of the two state contributions to obtain the state contribution for retirees.

82. Michael Ash & M. V. Lee Badgett, *Separate and Unequal: The Effect of Unequal Access to Employment-Based Health Insurance on Same-Sex and Unmarried Different-Sex Couples*, 24 CONTEMP. ECON. POL'Y 4, 582, 595 (2006). These proportions are lower than the percentage of lesbian, gay, and bisexual people for several reasons: (1) not all LGB people are in couples; (2) some couples would not need coverage for a partner or spouse; and (3) some couples will be discouraged from signing up a same-sex spouse or partner because of fear of disclosure or because of the taxation of those benefits.

83. See *Annual Personnel Report FY 2006*, *supra* note 79, at 20.

B. Prescription Coverage

Maryland offers employees a single choice in prescription coverage.⁸⁴ We applied the same approach in determining the increase in state contributions to prescription plans as a consequence of extending marriage to same-sex couples. The increase in the annual state contribution resulting from adding a spouse to prescription coverage is approximately \$1,080, and is \$1,646 for adding a spouse and children. A total of 65,162 active employees and 33,511 retirees were enrolled in prescription plans in mid-2006.⁸⁵ Assuming that 0.3 percent of all employees and retirees with a prescription plan make additions to their prescription plans (for active employees, through adding either only a spouse or spouse and child), the annual state contribution will increase by approximately \$223,300 for active employees and \$109,700 for retirees. If only 0.1 percent of employees and retirees with a prescription plan sign up a same-sex partner or same-sex partner and child, the cost for the State would increase by approximately \$74,400 for employees and \$36,900 for retirees. Consequently, the total increase in state contributions to prescription plans would be between \$111,400 and \$333,000.

C. Dental Benefits

Turning to dental benefits, Maryland offers three dental plan choices: two HMOs and one PPO.⁸⁶ The annual increase in state expenses resulting from adding a spouse to the dental plan ranges from \$93 to \$137, and from \$181 to \$377 for adding a spouse and children. Once again, we assume that all employees and retirees who choose to change their coverage will be distributed among the plans in the same way that current employees and retirees are distributed. A total of 59,560 active employees and 18,358 retirees were enrolled in dental plans in 2006.⁸⁷ If 0.3 percent of employees with a dental plan sign up a same-sex spouse or spouse and children, the State's contributions to dental plans would increase by \$15,700 for employees and \$11,100 for retirees. On the lower bounds, if only 0.1 percent of employees and retirees with a dental plan sign up a same-sex spouse or spouse and children, the cost for the State would increase by approximately \$7,600 for employees and \$2,000 for retirees. The total increase, then,

84. *Id.* at 21.

85. *Id.* at 21–22.

86. *Id.* at 21.

87. *Id.* at 21–22.

in state contributions to dental plans as a result of same-sex marriage could fall between \$9,600 and \$26,800.

D. Total Change in Health, Dental, and Prescription Coverage

As summarized in Table 5, same-sex marriage could increase state contributions to health, prescription, and dental plans from \$434,800 to \$1.3 million. As calculated by the average expenditure per employee,⁸⁸ Maryland spends approximately \$520 million annually on these three programs. Thus, at the upper end, adding same-sex partner coverage would result in approximately a 0.25 percent increase to Maryland's total expenditures. At the lower end, the State's contributions would increase by only 0.08 percent.

Table 5: Total increase in state expenditures on health, prescription, and dental plans

Percent of Employees Signing Up Same-Sex Spouse	Health Care	Prescription	Dental	Total
0.1 percent	\$313,800	\$111,400	\$9,600	\$434,800
0.3 percent	\$941,900	\$333,000	\$26,800	\$1,301,700

E. Survivor Benefits Under Maryland's Employee Retirement Systems

Maryland offers its employees four state-funded pension funds: the Retirement System for Employees and Teachers of the State of Maryland (ERS/TRS), the Law Enforcement Officers Pension (LEOP), the State Police Retirement System (SPRS), and the Judges' Retirement System (JRS).⁸⁹ Active employees who are members of any of the retirement systems receive a death benefit that is payable to a named beneficiary. This benefit consists of a single lump payment that is equal to the annual salary at death and all contributions made to the plan.⁹⁰ In the case of retired employees, electing a dual life annuity

88. *Id.*

89. STATE OF MARYLAND, STATE RETIREMENT AND PENSION SYSTEM OF MARYLAND: BENEFITS HANDBOOKS (2007), available at http://www.sra.state.md.us/benef_handbook.htm.

90. STATE OF MARYLAND, BENEFITS HANDBOOK: RETIREMENT SYSTEM FOR EMPLOYEES AND TEACHERS OF THE STATE OF MARYLAND 12 (2007), available at http://www.sra.state.md.us/pdr/E&T_ref_book.pdf [hereinafter EMPLOYEES AND TEACHERS

provides for a continuing allowance paid to their survivor that is equal to the present value of the employee's allowance or the return of all contributions, depending on the annuity selected.⁹¹ The dual life annuity option results in a lower payment to the retiree during his or her lifetime, but guarantees payment to their survivor after retirement.⁹² Under all plans, the named beneficiary may be any individual chosen by the employee or retiree.⁹³ Consequently, permitting same-sex couples to marry will not result in an overall change in the ability of same-sex partners to name one another as beneficiaries.

Nonetheless, some of the retirement systems provide for special payment plans or additional benefits that are awarded only to the surviving spouses of active employees. Under the ERS/TRS, spouses may opt for a monthly payment if the member was at least fifty-five with fifteen years of service, or eligible to retire, at the time of death.⁹⁴ Opting for the annual benefit will provide the beneficiary with an amount calculated based on the employee's age and the age of the beneficiary.⁹⁵

Further, under both the LEOP and SPRS, a spouse is entitled to receive additional death benefits. These additional benefits are paid as a monthly benefit, ranging from half of the employee's salary at the time of death, to two-thirds of the salary if the employee died in the line of duty.⁹⁶ The provision of new benefits to same-sex partners will likely have little effect on the State's expenditures under these plans. Very few deaths occur in the line of duty. In 2006, only five law

BENEFITS]; STATE OF MARYLAND, BENEFITS HANDBOOK: PENSION SYSTEM FOR LAW ENFORCEMENT OFFICERS OF THE STATE OF MARYLAND 13 (2007), *available at* http://www.sra.state.md.us/pdf/LEOPSHandbook_7-07.pdf [hereinafter LAW ENFORCEMENT BENEFITS]; STATE OF MARYLAND, BENEFITS HANDBOOK: RETIREMENT SYSTEM FOR STATE POLICE OF THE STATE OF MARYLAND 10 (2007), http://www.sra.state.md.us/pdf/MSPHandbook_7-07.pdf [hereinafter STATE POLICE BENEFITS]; STATE OF MARYLAND, BENEFITS HANDBOOK: RETIREMENT SYSTEM FOR JUDGES 8 (2007), *available at* http://www.sra.state.md.us/pdf/judges_retiree_book_7-07.pdf [hereinafter JUDGES BENEFITS].

91. *See* EMPLOYEES AND TEACHERS BENEFITS, *supra* note 90, at 19–20; LAW ENFORCEMENT BENEFITS, *supra* note 86, at 21. This differs for the SPRS and JRS, which provide a 50 percent survivorship benefit to the surviving spouse. *See* STATE POLICE BENEFITS, *supra* note 86, at 9, 17; *See* JUDGES BENEFITS, *supra* note 90, at 13.

92. *Id.*

93. *See* EMPLOYEES AND TEACHERS BENEFITS, *supra* note 90, at 19; LAW ENFORCEMENT BENEFITS, *supra* note 90, at 13; STATE POLICE BENEFITS, *supra* note 90, at 9–10, 16; JUDGES BENEFITS, *supra* note 90, at 8–9.

94. *See* EMPLOYEES AND TEACHERS BENEFITS, *supra* note 90, at 12.

95. *Id.* at 19.

96. *See* LAW ENFORCEMENT BENEFITS, *supra* note 90, at 14; STATE POLICE BENEFITS, *supra* note 90, at 9–10.

enforcement officials died in the line of duty in Maryland.⁹⁷ Therefore, the State should experience an insignificant economic impact as a result. Benefits paid for deaths outside the line of duty are included in the following calculations, which estimate the effects of same-sex marriage on state expenditures for spousal benefit plans.

In 2006, Maryland paid \$8,655,000 in pre-retirement death benefits.⁹⁸ Some of these payments are lump-sum payments made to survivors, including both spouses and non-spouses. These lump-sum payments are currently available to same-sex partners. A portion of these expenditures, however, consists of payments made only to spouses under the monthly payment plans and/or the additional death benefits paid under LEOP and SPRS. We were unable to obtain separate figures for these benefits from the State of Maryland;⁹⁹ as a result, we conservatively rely on the entire pre-retirement death benefit figure to calculate the potential additional cost of permitting same-sex couples to marry.

By using the entire pre-retirement death benefit amount, we have significantly overestimated the increase in state costs. This figure encompasses payments made under the lump-sum provisions, as well as under the spousal death benefits. These lump-sum payments would not increase as a result of same-sex marriage since same-sex partners are already entitled to receive this benefit. Further, this figure is an overestimation given that, with the exception of LEOP and SPRS, all of the spousal benefits merely dictate the method of payment to the spouse.¹⁰⁰ As a result, the monthly payment plans only increase the amount of the State's expenditures by the difference in providing this payment plan, as opposed to the lump sum. Further, under LEOP and SPRS, when there is no spouse to receive the special death benefits, then they are awarded to any children under the age of eighteen. For same-sex partners with children, therefore, the State already incurs the cost of paying the benefit. The State's additional costs resulting from

97. MARYLAND FALLEN POLICE AND CORRECTIONAL OFFICERS MEMORIAL, INC., THE FALLEN, BY YEAR (2007), <http://www.mdfallenofficers.org/thefallen.htm>.

98. STATE OF MARYLAND, RETIREMENT AND PENSION SYSTEM: 2006 COMPREHENSIVE ANNUAL FINANCIAL REPORT 84 (2007), available at <http://www.sra.state.md.us/annualreports/2006/CAFR2006.pdf>.

99. We were informed that breakdowns of these state expenditures were unavailable. Email from Keshia Patterson, State Retirement & Pension System of Maryland, to Amanda K. Baumle (July 19, 2007) (on file with authors).

100. See LAW ENFORCEMENT BENEFITS, *supra* note 90, at 14; STATE POLICE BENEFITS, *supra* note 90, at 9–10; EMPLOYEES AND TEACHERS BENEFITS, *supra* note 90, at 12; JUDGES BENEFITS, *supra* note 90, at 8.

same-sex marriage are, then, considerably overestimated when using the total pre-retirement death benefits paid.

Even when using this inflated figure, however, the estimated costs of allowing same-sex couples spousal benefits is small. Applying the prior assumptions (as in the health benefits analysis) that anywhere from 0.1 to 0.3 percent of employees would elect benefits for a same-sex partner, then Maryland's expenses for pre-retirement death benefits could increase by approximately \$8,655 to \$26,000. Given that this is an overestimation, the State's expenditures for all additional spousal benefits would actually fall well below these amounts. This estimation, however, is quite small, suggesting that permitting same-sex partners to marry would have little impact on the State's retirement plan expenditures.

A review of the survivor benefits under Maryland's pension plans, therefore, indicates a minimal effect on the State's employee benefit expenditures. Under all plans, employees can currently elect their same-sex partner as a beneficiary. Further, under those plans that offer an additional spousal benefit, the additional cost of adding same-sex spouses would be so small as to render the effect unnoticeable.

F. Offsetting the Costs of Same-Sex Spousal Benefits

Offering same-sex spousal benefits to public employees will likely reduce the number of people who are uninsured or currently enrolled in Medicaid and other government-sponsored health care programs. A recent study shows that people with unmarried partners—either same- or different-sex—are much more likely than married people to be uninsured or on Medicaid.¹⁰¹ People in same-sex relationships were twice as likely as married people to be uninsured; one in five such people are without health insurance.¹⁰² The study also finds that if employers offer benefits to same-sex couples, some people who are currently uninsured will become insured. Therefore, is the State is probably already responsible for at least some of the costs associated with uncompensated care for the uninsured.¹⁰³ Similarly, some members of same-sex couples who receive Medicaid might become eligible for a partner's state health insurance and will shift to

101. See Ash & Badgett, *supra* note 82, at 582–83.

102. *Id.* at 590.

103. Jack Hadley & John Holahan, *How Much Medical Care Do the Uninsured Use, and Who Pays For It?*, 22 HEALTH AFF. 66, 72–74 (2003), available at <http://content.healthaffairs.org/cgi/content/abstract/hlthaff.w3.66v1>.

such coverage. Both effects will tend to offset the cost of providing coverage to the same-sex spouse of state employees.

The State may also see lower costs associated with worker turnover from allowing state employees to marry their same-sex partners and to enroll them in health benefit plans. A recent study shows that the extension of domestic partner benefits has the effect of reducing gay, lesbian, and bisexual employee turnover and increasing their commitment to employers.¹⁰⁴ Same-sex marriage will logically have the same effect on gay, lesbian and bisexual state employees.

The State will be strengthened as an employer—and its position in the labor market bolstered—through the alignment of its compensation policies with current practices of other Maryland employers. As of March 1, 2006, 49 percent of the Fortune 500 and 78 percent of the Fortune 100 largest corporations offered health benefits to employees' same-sex partners, compared to just 25 percent of the Fortune 500 in 2000.¹⁰⁵

This evidence suggests that giving same-sex couples the right to marry will help the State compete for talented and committed employees of all sexual orientations. As a result, some of the State's recruitment and training costs may be reduced. Recruitment and turnover cost employers a lot, although the cost varies from job to job.¹⁰⁶ These potential savings are likely to help offset some of the State's higher employee benefit costs, although it is not possible to estimate the savings precisely.

104. J. M. Cornwell & B.R. Ragins, *We Are Family: The Influence of Gay Family-Friendly Policies on Gay, Lesbian and Bisexual Employees*, in *SEXUAL ORIENTATION DISCRIMINATION: AN INTERNATIONAL PERSPECTIVE* 105, 113 (M.V. Lee Badgett & Jefferson Frank eds., 2007).

105. SAMIR LUTHER, HUMAN RIGHTS CAMPAIGN FOUNDATION, *DOMESTIC PARTNER BENEFITS: EMPLOYER TRENDS AND BENEFITS EQUIVALENCY FOR THE GLBT FAMILY* 2-3 (2006), available at <http://www.hrc.org/documents/Guide-to-Employer-Trends-and-Benefits-Equivalency-for-the-GLBT-Family.pdf>.

106. Assa Birati & Aharon Tziner, *Assessing Employee Turnover Costs: A Revised Approach*, 6 *HUM. RESOURCE MGMT. REV.* 113, 119 (1996).

V. OTHER ASSOCIATED COSTS

A. Access to Courts for Dissolution of Marriages Between Same-Sex Individuals

Divorces of married same-sex couples would follow the same basic procedures as those for different-sex couples.¹⁰⁷ As the number of marriages increase in Maryland, the number of divorce filings added to the dockets of the Maryland Circuit Courts will slightly increase. In predicting the number of marriages between same-sex couples that would dissolve each year, we have very little experience to draw on. However, as noted earlier approximately one percent of Vermont's civil unions dissolved each year since 2000.¹⁰⁸ If 7,800 same-sex couples marry in Maryland and then dissolve at the same rate as those in Vermont, approximately seventy-eight married same-sex couples will divorce each year.

Between 2001 and 2006, Maryland courts handled an average of 36,960 divorce cases annually,¹⁰⁹ making the addition of seventy-eight same-sex marriage dissolutions insignificant. Not only would seventy-eight new divorce filings constitute a mere 0.2 percent of all

107. Maryland offers two types of divorce—limited and absolute. *See* MD FAMILY LAW CODE § 7-102 (2007); MD FAMILY LAW CODE § 7-103 (2007). However, the only procedures that legally dissolve marriage are absolute divorce and annulment. Our analysis excludes limited divorce because it does not legally sever the marital bonds. Granting a limited divorce authorizes a spouse to live separate and apart from the other party and to obtain orders relating to certain financial and custody issues but there is no severance of the marital bonds. Most people who seek divorce in Maryland petition for absolute divorce, which officially ends the marriage.

108. *See* Cummings, *supra* note 45.

109. The average is calculated using the number of divorce cases reported in the annual reports on family cases from 2001–2006. *See* STATE OF MARYLAND JUDICIARY, DEPARTMENT OF FAMILY ADMINISTRATION, FAMILY DIVISIONS & FAMILY SERVICES PROGRAMS ANNUAL REPORT 2002 25 (2002), available at <http://www.courts.state.md.us/family/pdfs/annualreports/annualreport02.pdf>; STATE OF MARYLAND JUDICIARY, DEPARTMENT OF FAMILY ADMINISTRATION, FAMILY DIVISIONS & FAMILY SERVICES PROGRAMS ANNUAL REPORT 2003 17 (2003), available at <http://www.courts.state.md.us/family/pdfs/annualreports/annualreport03.pdf>; STATE OF MARYLAND JUDICIARY, DEPARTMENT OF FAMILY ADMINISTRATION, FAMILY DIVISIONS & FAMILY SERVICES PROGRAMS ANNUAL REPORT 2004 17 (2004), <http://www.courts.state.md.us/family/pdfs/annualreports/annualreport04.pdf>; STATE OF MARYLAND JUDICIARY, DEPARTMENT OF FAMILY ADMINISTRATION, FAMILY DIVISIONS & FAMILY SERVICES PROGRAMS ANNUAL REPORT 2005 17 (2005), <http://www.courts.state.md.us/family/pdfs/annualreports/annualreport05.pdf>; STATE OF MARYLAND JUDICIARY, DEPARTMENT OF FAMILY ADMINISTRATION, FAMILY DIVISIONS & FAMILY SERVICES PROGRAMS ANNUAL REPORT 2006 20 (2006), <http://www.courts.state.md.us/family/pdfs/annualreports/annualreport05.pdf>.

divorce cases, they would constitute just .03 percent of the total caseload in the Circuit Courts.¹¹⁰ On average, a circuit court judge in Maryland handles over 1,900 cases annually.¹¹¹ Thus, even in the unlikely scenario that all seventy-eight dissolutions are added to docket of a single judge,¹¹² it would only increase her or his caseload by approximately four percent.

Given the relatively insignificant number of same-sex marriage dissolutions, the court system would not need to hire any additional personnel or build any additional physical infrastructure. In addition, same-sex divorce cases would generate revenue from the standard filing fees, which would be available to cover any administrative costs. More, the extension of marriage to same-sex couples may save judicial resources overall; cases that would have been litigated in trial courts will be allowed in family courts where they may be handled more efficiently.¹¹³

Table 6: Annual fluctuations in dissolution filings

Judicial Year July 1-June 30	Dissolution Filings	Change from Prior Year	Percent Change From Prior Year
2001-2002	36,097	—	—
2002-2003	36,545	448	1 percent
2003-2004	37,859	1314	3 percent

B. Administrative Costs

The issuance of marriage licenses is the responsibility of Maryland's twenty-three county clerks.¹¹⁴ If the State extends marriage to same-sex couples, the process will mirror the current system for different-sex couples. Therefore, any increase in printing, copying, training and other administrative costs should be built in to

110. STATE OF MARYLAND JUDICIARY, ANNUAL STATISTICAL ABSTRACT 17, 130 (2007), http://www.courts.state.md.us/publications/annualreport/reports/2006/2006_annual_report.pdf.

111. *Id.* at 15 (278,511 total cases/146 Circuit Court judges = 1908 cases per judge).

112. It is highly unlikely that a single Circuit Court, let alone a single judge, would receive all same-sex dissolutions because the Maryland system is split by county between eight Circuit Courts, such that divorces would be directly linked to the Circuit in which the couple lived.

113. *See* Badgett & Sears, *supra* note 2, at 219 (discussing reasons why the rules governing dissolutions in civil court impose considerably greater burdens on courts than do the rules governing dissolutions in family court).

114. MD. CODE ANN., FAM. LAW § 2-501 (2007).

the already existing \$35 marriage license fee.¹¹⁵ If 7,800 couples married, Maryland would get \$273,000 in revenue from registrations alone. Additionally, the start-up costs for extending marriage to same-sex couples would be minimal because the administrative process involved in allowing same-sex couples to wed would be exactly the same as the process in place. We project small start-up costs and no net administrative burden.

VI. THE IMPACT OF WEDDINGS ON MARYLAND BUSINESSES

This section estimates the potential financial gains to Maryland's economy from extending marriage to same-sex couples. In addition to generating additional sales tax revenue, more weddings will likely have a significant impact on Maryland's economy. The wedding industry is a lucrative business that creates a significant amount of jobs and tax revenue in the United States. The industry has 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 predicts that weddings of same-sex couples could become a billion dollar-per-year industry.¹¹⁶

A. Marriages of Out-Of-State Same-Sex Couples

The experiences in San Francisco, California, and Portland, Oregon in 2004 suggest that the local economic benefits of weddings of same-sex couples are real and large. The couples that married in San Francisco during a one-month window of availability in 2004 came from 46 states and eight countries.¹¹⁷ Businesses in Portland¹¹⁸

115. See, e.g., CIRCUIT COURT FOR KENT COUNTY, MARRIAGE LICENSE INFORMATION (2007), <http://www.courts.state.md.us/clerks/kent/marriage.html>.

116. Audre Lagorce, *The Gay Marriage Windfall: \$16.8 Billion*, FORBES.COM, Apr. 5, 2004, available at http://www.forbes.com/commerce/2004/04/05/cx_al_0405gaymarriage.html.

117. MABEL S. TENG, SAN FRANCISCO ASSESSOR-RECORDER, PRESENTATION: DEMOGRAPHICS BREAKDOWN OF SAME GENDER MARRIAGES (2004), <http://www.alicebtoklas.org/abt/samesexmarriagestats.ppt>.

118. See Helen Jung, *Gay Marriages May Bring Joy to Tourism*, OREGONIAN, Mar. 5 2004, at D01. (Joe D'Alessandro, president of the Portland Oregon Visitors Association, is quoted as saying that extending marriage to same-sex couples has provided an "economic boost" to Portland as same-sex couples and their families fly in for weddings.); see also David Sarasohn, *Gay Marriage, Tourism: A Package Deal*, OREGONIAN, Apr. 11, 2004, at C04. David Sarasohn also quotes D'Alessandro as saying, "It's definitely having a positive impact, because more people are coming to Portland.... They fly in, sometimes with families, friends,

and San Francisco¹¹⁹ reported that same-sex wedding visitors spent substantial amounts of money on wedding-related goods and services. Furthermore, Massachusetts witnessed an increased demand for hotels, catering services, and related wedding services when same-sex couples began to marry there in May 2004.¹²⁰ One study estimates that if Massachusetts permitted out-of-state same-sex couples to marry, it would experience new spending in of the realm of \$187 million.¹²¹ 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, in turn, increased tax revenue.¹²² Therefore, if Maryland were to extend the right to marry to same-sex couples regardless of residency status, the State would not only experience a substantial increase in wedding spending by same-sex couples residing in Maryland, but it would also see an increase in wedding and tourist spending by same-sex couples from other states.

As of today, Maryland would have no competition from any other state for these visitors, since Massachusetts restricts marriage to residents of Massachusetts and Rhode Island.¹²³ Even if other states

children, whatever. I've talked to the hotel people, and they say they've seen an increase in gay and lesbian customers." *Id.*

119. See Jung, *supra* note 118, at D01 (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); See also, Heather Knight, *The Weddings go on: Wind 6554'1'1'1'fall in Castro: 'Giddy' Newlyweds Have Been Boon for S.F. Neighborhood*, S.F. CHRON., Feb. 18 2004, at A1 (reporting that extending marriages to same-sex couples was "great for businesses as newlyweds throw their money at the neighborhood's florists, jewelry stores, liquor shops, bookstores, and photo processors"); Laura Bly, *Localities Cashing in on Same-Sex Marriages*, USA TODAY, Feb. 27, 2004, at 1D; Dean E. Murphy, *Travel Advisory: Correspondent's Report: San Francisco Toasts Gay Weddings*, N.Y. TIMES, Feb. 29, 2004, at 3.

120. 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 Northampton have seen "an upsurge of 10 to 100 percent in inquiries and bookings from gay couples" looking to marry); see also Marie Szaniszlo, *P'town Set for Gay-Wed Rush*, BOSTON HERALD, Apr. 11, 2004, at 10; Douglas Belkin, *Wedding Bell Bonanza Tourism, Marriage Industry Foresee Boom in Same-Sex Nuptials*, BOSTON GLOBE, Feb. 26, 2004, at 1 (reporting that caterers, musicians, invitation makers, innkeepers, and entrepreneurs from dozens of other auxiliary industries say that they all will benefit from a massive influx of spending that will come with same-sex weddings).

121. See Singer, *supra* note 120, at 27.

122. Jennifer Gerarda Brown, *Competitive Federalism and the Legislative Incentives to Recognize Same-Sex Marriage*, 68 S. CAL. L. REV. 745, 772 (1995); Sumner Lacroix & James Mak, *How Will Same-Sex Marriage Affect Hawaii's Tourism Industry?: Hearing Before the Commission on Sexual Orientation and the Law*, 18th Leg. Sess.. (Haw. 1995).

123. See Pam Belluck, *Romney Won't Let Gay Outsiders Wed in Massachusetts*, N.Y. TIMES, Apr. 25, 2004 (Shortly after marriage was extended to same-sex couples in Massachusetts, Governor Mitt Romney ordered clerks to comply with a 1913 Massachusetts

eventually allow same-sex couples to marry, Maryland would likely remain a prime destination for same-sex couples in both the South and East Coast. Maryland is within a short drive of several cities with large numbers of same-sex couples, including New York, Washington, D.C., and Philadelphia, suggesting that the State would retain appeal for out-of-state same-sex couples throughout the Northeast and Mid-Atlantic regions.

To estimate potential wedding expenditures by in-state and out-of-state same-sex couples, we first estimate the number of couples who might marry using Census 2000 data on unmarried same-sex partners in Maryland and other states. Because the 2000 counts of same-sex couples are lower than the 2005 estimates by the Census Bureau, the estimates here are conservative measures of the increase in spending. Multiplying the number of couples by average expenditures on weddings and tourism in the State gives an estimate of total spending by same-sex couples. Finally, as noted earlier, this increase in spending would benefit the state budget since Maryland would tax most spending at the six percent.¹²⁴

B. Tourism and Wedding Spending by Out-Of-State Couples

According to the Maryland Office of Tourism Development, in 2005 Maryland tourists hailed most from Virginia, Pennsylvania, New Jersey, New York, West Virginia, North Carolina, Delaware, Florida, Ohio, as well as the District of Columbia.¹²⁵ Travelers from these states made up approximately eighty-seven percent of all travelers to the state.¹²⁶ New Jersey recently established civil unions for same-sex couples; although some same-sex couples would prefer the social implications of marriage over domestic partnerships, we use more conservative estimates of the number of New Jersey couples who would marry.¹²⁷ According to Census 2000, the remaining states have

law that makes it illegal for out-of-state couples to enter into a marriage that would not be legal in their own state.).

124. Sales and Use Tax, <http://business.marylandtaxes.com/taxinfo/salesanduse/default.asp> (last visited Mar. 10, 2008).

125. MARYLAND STATE TOURISM DEVELOPMENT BOARD AND THE OFFICE OF TOURISM, FY 2006 TOURISM DEVELOPMENT OFFICE ANNUAL REPORT (2007), available at <http://www.visitmaryland.org/resources/AnnualReport2007.pdf>.

126. *Id.*

127. *See id.* (Though New Jersey sends one of the highest populations of tourists to Maryland, New Jersey's recent creation of civil unions will limit the number of New Jersey couples interested in marriage in Maryland. Though many believe that marriage carries significant social benefits outside of the legal rights and responsibilities, we conservatively assume that only 5 percent of New Jersey's same-sex couples will go to Maryland to marry);

more than 166,000 cohabitating same-sex couples.¹²⁸ As discussed earlier, we predict that half of the same-sex unmarried partners in those states would wish to marry over the first three years after issuance of marriage licenses starts in Maryland.¹²⁹ That means that eighty-three thousand same-sex couples from the District of Columbia and these eight states, excluding New Jersey, would wish to marry. Because they cannot marry in their home states, these couples would have to travel to Maryland in order to wed.

Of course, the need to travel out of state and the fact that their home state may not honor a Maryland marriage would likely deter some same-sex couples from coming to Maryland to marry. We take these deterrents into account in three ways. First, we focus on the states where the travel deterrent would be the least—states that already send a large number of tourists to Maryland and are within a reasonable driving distance to the state. Second, we assume that only half of the couples in those states that wish to marry, or twenty-five percent of the total identified in the Census 2000, will actually travel to Maryland to get married. Third, we assume that only five percent of couples from the other forty states (excluding Massachusetts and Rhode Island) would travel to Maryland to marry. We exclude Massachusetts because it is the only state that allows same-sex couples to marry, as well as Rhode Island, since it is the closest state whose same-sex couples are allowed to marry in Massachusetts.¹³⁰ We

see also Laura Mansnerus, *Legislators Vote for Gay Unions in N.J.*, N.Y. TIMES, Dec. 15, 2006 (announcing that the New Jersey legislature voted to make New Jersey the third state in the nation to recognize civil unions for same-sex couples).

128. *See* Gates, *supra* note 20, at app.1 (reporting: Virginia (13,802 same-sex couples), Pennsylvania (21,166), New Jersey (16,604), New York (46,490), West Virginia (2,916), North Carolina (16,198), Delaware (1,868), Florida (41,048), Ohio (18,937), and Washington, D.C (3,678)).

129. *See* Simmons & O'Connell, *supra* note 16, at 4 tbl. 2 (in Vermont, 1,933 same-sex couples identified themselves in Census 2000); Chooley, *supra* note 17 (at the end of 2004, 1,104 Vermont same-sex couples, or 57 percent of the number of couples who identified themselves on Census 2000, had entered into a civil union).

130. *See* Michael Levenson, *Gay Couple From R.I. Wins Mass. Ruling Superior Court Judge Says Longtime Partners can Marry*, BOSTON GLOBE, Sep. 30, 2006 at A1 (on September 30, 2006, Massachusetts Superior Court Justice Thomas E. Connolly ruled that same-sex couples who live in Rhode Island can marry in Massachusetts because the former does not explicitly forbid marriages between same-sex couples); Katie Zezima, *Rhode Island Steps Toward Recognizing Same-Sex Marriage*, N.Y. TIMES, Feb. 22, 2007 (On February 20 of the next year, Attorney General Patrick Lynch issued an opinion that marriages between same-sex couples performed in Massachusetts would be recognized in Rhode Island); Associated Press, *New Mexican Gays Welcome to Wed*, N.Y. TIMES, Jul. 27, 2007. On July 18, 2007, the state's registrar of Vital Records and Statistics issued a notice indicating that a Supreme Judicial Court ruling did not prohibit same-sex couples from New Mexico from marrying in Massachusetts. Nonetheless, we do not exclude New Mexico from our calculations of couples

include California, Washington, Oregon, Maine, Hawaii, New Hampshire, New Jersey, Vermont, and Connecticut in the five percent estimate because some same-sex couples in those states would likely choose to marry for the additional practical value or symbolic meaning that a domestic partnership or civil union lacks. Table 7 below shows the breakdown of visitors by state.

Table 7: Out-of-state same-sex couples who would travel to Maryland to marry

State	Number of Same-Sex Couples	Number of Same-Sex Couples Traveling to Maryland to Marry (25 percent for named states, 5 percent for other 39 states)
Virginia	13,802	3,450
Pennsylvania	21,166	5,291
New York	46,490	11,622
West Virginia	2,916	729
North Carolina	16,198	4,049
Delaware	1,868	467
Florida	41,048	10,262
Ohio	18,937	4,734
District of Columbia	3,678	919
Other 39 states (excluding MD, RI, and MA)	397,475	19,874
TOTAL	563,578	61,397

To arrive at the average tourist spending per out-of-state couple, we use tourism data on Maryland that estimates average spending per person at around \$104 per day, including all expenses (lodging, meals, retail shopping, entertainment, and any other spending related to their visit).¹³¹ Because Maryland requires a forty-eight-hour waiting period between applying for and receiving a marriage license,¹³² we expect visiting couples from distant locations to stay at

that might choose to marry in Iowa, as we do Rhode Island. Couples in Rhode Island are unlikely to travel to Maryland to marry, given the proximity to Massachusetts. Those in New Mexico, however, are geographically closer to Maryland than to Massachusetts, and would not be similarly deterred from traveling to Iowa to marry.

131. See MARYLAND STATE TOURISM DEVELOPMENT BOARD AND THE OFFICE OF TOURISM, *supra* note 125, at 16 (the average tourist couple spent \$353 on 1.7 days in Maryland ($353/1.7=208$; $208/2=\$104$ per day)).

132. See, e.g., *supra* note 115.

least two days. Therefore, we estimate that those more distant out-of-state couples will spend an several hundred dollars on basic expenses. Because of the proximity and size of Delaware, West Virginia, and the District of Columbia, we assume that couples from those states will return home during the waiting period and will not spend money on these additional 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 2006 in the State of Maryland was \$32,710.¹³³ Because of the need to travel, we assume that out-of-state same-sex couples would spend less than is spent on an in-state different-sex couple's 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 by out-of-state couples will be one-tenth of the typical wedding expense, or \$3,271.

Accordingly, for couples from Delaware, West Virginia, and the District of Columbia, we estimate wedding spending at \$3,271; for couples from farther or larger states we estimate total wedding spending and tourism spending at \$3,687 per couple.¹³⁴ The first few lines of Table 8 show those figures multiplied by the number of couples from Table 7. The total spending by these 61,397 out-of-state couples would be over \$218 million. The increase in spending by out-of-state couples spread over three years is an increase of almost seventy-three million dollars per year.

C. Wedding Spending by In-State Couples

As noted earlier, Maryland has 15,607 resident same-sex couples.¹³⁵ Again, we assume that fifty percent of these couples would choose to marry. These 7,800 in-state couples are likely to have larger celebrations and spend more than out-of-state couples because their

133. M.V. LEE BADGETT & GARY J. GATES, THE EFFECT OF MARRIAGE EQUALITY AND DOMESTIC PARTNERSHIP ON BUSINESS AND THE ECONOMY 7 (2006), available at <http://www.law.ucla.edu/williamsinstitute/publications/MarriageEqualityontheEconomy.pdf>.

134. See *id.* (ten percent of the State's average wedding expenses, including the two days of travel within the state).

135. See Gates, *supra* note 20.

friends and family are more likely to be local. However, due to societal discrimination, same-sex couples may receive less financial support from their parents and other family members to cover wedding costs. Additionally, 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 twenty-five percent of the average amount, or just under \$8,200. The total for 7,800 couples would come to over sixty-three million dollars in additional wedding spending in three years, or a little over twenty-one million dollars per year.

Table 8 adds the spending by in-state and out-of-state same-sex couples to estimate a grand total of \$282 million in wedding spending over the first three years, or ninety-four million dollars per year.

Table 8: Expenditures on Maryland weddings by same-sex couples in first three years

States	Couples Marrying in MD	Spending per Couple	Total Spending per State Group
WV, DE, and D.C.	2,115	\$3,271	\$6,918,000
VA, NY, NC, OH, and PA	39,408	\$3,687	\$145,297,000
Other States	19,874	\$3,687	\$73,275,000
SUBTOTAL	61,397	—	\$218,573,000
Maryland	7,800	\$8,177.50	\$63,785,000

D. Other Economic Benefits of Same-Sex Marriage

The number of Maryland employers that offer healthcare benefits for employees' same-sex partners is rising; however, there is no statewide registry for same-sex couples and no Maryland law affords same-sex couples rights based on their relationship at this time.¹³⁶ Maryland employers could gain from same-sex marriage in other ways that could reduce labor costs, although it is not possible to precisely calculate these effects. Given the general nature of some of these outcomes, it is possible that businesses will see the same positive effects of extending marriage to same-sex couples through equal

136. See *infra*, app. A (contains a list of Maryland businesses that provide domestic partner benefits).

provisioning of benefits to same-sex and different-sex spouses. One recent report on this literature drew on the following conclusions:¹³⁷

A supportive workplace climate and supportive policies, including domestic partner benefits, would increase disclosure (or “coming out”) of lesbian, gay, and bisexual employees.¹³⁸

Disclosure has potentially positive benefits to worker emotional and mental health. Several studies find that people who are more “out” report lower levels of anxiety and fewer conflicts between work and personal life.¹³⁹

Lesbian, gay, and bisexual workers who are out will be better workers. Several studies show that out workers report greater job satisfaction.¹⁴⁰ One study shows that participants who are more out report sharing their employer’s values and goals more than workers who are more closeted.¹⁴¹ Another study shows that more out workers report higher levels of satisfaction with their co-workers.¹⁴² Research also demonstrates that partner benefits reduce gay, lesbian, and bisexual workers’ turnover and increase their commitment to firms.¹⁴³

Partly because of employer healthcare practices, people in same-sex relationships are almost twice as likely to be uninsured than are married different-sex people, which could reduce the health care

137. M.V. LEE BADGETT & GARY J. GATES, *THE EFFECT OF MARRIAGE EQUALITY AND DOMESTIC PARTNERSHIP ON BUSINESS AND THE ECONOMY* (2006), available at <http://www.law.ucla.edu/williamsinstitute/publications/MarriageEqualityontheEconomy.pdf>.

138. See generally M.V. LEE BADGETT, *MONEY, MYTHS, AND CHANGE: THE ECONOMIC LIVES OF LESBIANS AND GAY MEN* (2001); Jeanine M. Driscoll, *Lesbian Identity and Disclosure in the Workplace: Relation to Occupational Stress and Satisfaction*, 48 J. OF VOCATIONAL BEHAV. 229, 230; Kristin H. Griffith & Michelle R. Hebl, *The Disclosure Dilemma for Gay Men and Lesbians: ‘Coming Out’ at Work*, 87 J. OF APPLIED PSYCHOL. 1191 (2002). See also Ragins and Cornwell, *supra* note 104.

139. R.H. Deluty & K.M. Jordan, *Coming Out for Lesbian Women: Its Relation to Anxiety, Positive Affectivity, Self-Esteem, and Social Support*, 35 J. OF HOMOSEXUALITY 41 (1998); Nancy E. Day & Patricia Schoenrade, *Staying in the Closet versus Coming Out: Relationships Between Communication about Sexual Orientation and Work Attitudes*, 50 PERSONNEL PSYCHOL. 147, 161 (1997). But see Griffith & Hebl, *supra* note 138, at 1196.

140. See Driscoll et al., *supra* note 138, at 239; Day & Schoenrade, *supra* note 139, at 161; Griffith & Hebl, *supra* note 138, at 1196.

141. See Day & Schoenrade, *supra* note 139, at 154, 157 (however, some studies searched for but did not find this link). But see Allan L. Ellis & Ellen D.B. Riggle, *The Relation of Job Satisfaction and Degree of Openness About One’s Sexual Orientation for Lesbians and Gay Men*, 30 J. OF HOMOSEXUALITY 75 (1995); Ragins & Cornwell, *supra* note 104.

142. See Driscoll, *supra* note 138.

143. See Ragins and Cornwell, *supra* note 104 (a related study finds that experiences of heterosexism increase the likelihood of turnover for LGB employees); Craig R. Waldo, *Working in a Majority Context: A Structural Model of Heterosexism as Minority Stress in the Workplace*, 46 J. OF COUNSELING PSYCHOL. 218 (1999).

and health of employees with same-sex partners.¹⁴⁴ Extending marriage to same-sex couples might improve worker health because a new social climate of equality, including greater access to health care benefits, will promote employee openness and job satisfaction. Improved worker health may benefit employers through reduced absenteeism and health care costs. Employers might also find it easier to retain and recruit lesbian, gay, and bisexual employees, since Maryland will be more attractive to such employees when compared with employers of other states that do not allow marriage for same-sex couples. This competitive advantage could reduce training and hiring costs. In addition, some heterosexual employees might also prefer to work in a state that demonstrates valuing family diversity by permitting same-sex couples to marry, further benefitting Maryland employers.¹⁴⁵

E. Costs to Businesses

Only two kinds of economic effects on Maryland employers can be quantified: the added health care benefit costs and the added business revenue from weddings. Added health care costs are likely to be quite manageable for Maryland businesses. A 2005 study predicts that if all of Maryland's same-sex couples married, only 3,769 would end up signing up a new spouse for employer-provided health care benefits.¹⁴⁶ If half marry, as we would expect, only 1,885 people would sign up a new spouse. We can estimate the cost to employers of each of those new spouses from the 2005 Medical Expenditure Panel Survey.¹⁴⁷ That government survey found that the average premium for individual coverage was \$3,991 in 2005.¹⁴⁸ The addition of a spouse added \$3,680 to the premium, with employers paying \$2,644 of the higher amount. Inflating that figure to 2007 dollars results in an employer cost of \$3,027. Multiplying the added cost by the number of new spouses results in an estimated total increase of \$5.7 million for all of Maryland's employers.

144. See Ash & Badgett, *supra* note 82, at 588.

145. See Badgett & Gates, *supra* note 137, at 3.

146. M. V. LEE BADGETT & GARY J. GATES, THE BUSINESS COST IMPACT OF MARRIAGE FOR SAME-SEX COUPLES (2004), available at <http://www.iglss.org/media/files/busimpact.pdf>.

147. JAMES M. BRANSCOME & BETH LEVIN CRIMMEL, EMPLOYER-SPONSORED SINGLE, EMPLOYEE-PLUS-ONE, AND FAMILY HEALTH INSURANCE COVERAGE: SELECTION AND COST, 2005, AGENCY FOR HEALTHCARE RESEARCH AND QUALITY, MEPS Statistical Brief #175 (2007), available at http://www.meps.ahrq.gov/mepsweb/data_files/publications/st176/stat176.pdf.

148. *Id.*

While the gains from the less direct effects of extending marriage to same-sex couples are not explicitly quantifiable, the costs of recruiting, training, and hiring new employees are likely to be real considerations for most employers. Even without a good estimate of those financial effects, however, the net gain to Maryland employers is clear. The total health care costs estimated above were at most \$5.7 million per year, easily outweighed by the direct effect of over ninety-four million dollars in yearly wedding-related spending by out-of-state and in-state couples during the first three years that marriage is extended to same-sex couples.

SUMMARY AND CONCLUSIONS

Using U.S. Census Bureau data on Maryland residents and drawing on the experience of Massachusetts and other states, this report estimates the fiscal and economic effects of extending marriage to same-sex couples in Maryland.

While the State will experience a significant increase in sales tax revenue, Maryland will experience a loss in inheritance tax, income tax, and property transfer tax revenues, for a net gain of three million dollars in total tax revenue. The State will likely save over \$1.5 million in avoided public assistance expenditures by extending marriage to same-sex couples. Covering the health insurance of same-sex spouses of state employees and retirees will add between \$435,000 and \$1.3 million to state expenditures. However, extending marriage to same-sex couples will not generate administrative costs beyond those already covered by license fees. If same-sex couples are allowed to marry, Maryland's wedding and tourism-related business sectors will see a little over ninety-four million dollars per year in spending by in-state and out-of-state same-sex couples. Taking added health insurance costs for businesses into account, the net gain to Maryland's businesses is eighty-eight million dollars per year.

Our analysis projects that giving equal marriage rights to same-sex couples will have a positive impact on the state budget of \$3.2 million per year and a net gain to state businesses of over eighty-eight million dollars per year during the first three years that marriage is extended to same-sex couples. The analysis shows that same-sex marriage is not just good for same-sex couples but for the state budget and economy too.

Table 9: Summary of fiscal impact on state budget

	Total Fiscal Effect
Sales Tax	\$4,706,000
Income Tax Revenue	(\$133,000)
Inheritance Tax	(\$212,000)
Transfer Tax	(\$1,375,000)
Public Assistance	\$1,501,400
Employment Benefits	(\$1,301,700)
Administrative Costs	\$0
TOTAL	\$3,185,700

Appendix A¹⁴⁹

Maryland Companies that Offer Domestic Partner Health Benefits	City
A A I Engineering Support Inc.	Hunt Valley
Aeronautical Radio Inc.	Annapolis
AFSCME # 67	Baltimore
All Risks Ltd.	Timonium
Allfirst Financial Inc.	Baltimore
American Speech-Language Hearing Association	Rockville
Arinc Inc.	Annapolis
Baltimore Gas & Electric Co.	Baltimore
Bay Area Restaurant Group Jv	Bethesda
BBN Advanced Computers Inc.	Potomac
Black & Decker Corp.	Towson
Celera Genomics	Rockville
Cellmark Diagnostics	Germantown
CIENA Corp.	Linthicum
Citynet Telecommunications Inc.	Silver Spring
Columbia Telecommunications Corp.	Columbia
Constellation Energy Group, Inc.	Baltimore
Coventry Health Care	Bethesda
Digital Engineering Systems Corporation	Annapolis
Discovery Channel	Bethesda
DLA Piper	Baltimore

149. Appendix generated using the Human Right Campaign's Employer Database, which, among other things, catalogs employers offering domestic partner benefits. The Database can be searched at the state- and policy-level here: http://w3.hrc.org/Template.cfm?Section=Search_the_Database&Template=/CustomSource/WorkNet/srch.cfm&searchtypeid=1&searchSubTypeID=2.

EA Engineering Systems & Technology Inc.	Hunt Valley
Electric Transit Inc.	Hunt Valley
Gazette Newspapers	Gaithersburg
General Data Systems Inc.	Bethesda
Globe Transportation Graphics	Baltimore
Group 1 Software	Lanham
Guernsey Office Products	Beltsville
Henry M. Jackson Foundation for the Advancement of Military Medicine	Rockville
Host Hotels and Resorts	Bethesda
Human Genome Sciences	Rockville
Hunter Group Inc.	Baltimore
IHSM - Institute for Human Services Management	Bethesda
International Federation of Professional and Technical Engineers	Silver Spring
Johns Hopkins University	Baltimore
Legg Mason, Inc.	Baltimore
Lockheed Martin Corp.	Bethesda
Loyola College	Baltimore
Manugistics	Rockville
Marriott International	Bethesda
Maryland College of Art and Design	Silver Spring
MedImmune Inc.	Gaithersburg
Mercury Associates Inc.	Gaithersburg
MMA Financial	Baltimore
National Arts Stabilization Inc.	Baltimore
Netvantage Inc.	Gaithersburg
Operative Plasterers' and Cement Masons' International Association	Laurel
Orchid Biosciences (dba Orchid Cellmark)	Germantown
Reeves Manufacturing Inc.	Frederick
Rouse Company	Columbia
RTKL Associates Inc.	Baltimore
Salisbury University	Salisbury
Sodexho Inc.	Gaithersburg
Softmed Systems Inc.	Silver Spring
Space Telescope Science Institute	Baltimore
T. Rowe Price Associates Inc.	Baltimore
Thing Learning Solutions, Inc.	Baltimore
Transcen Inc.	Rockville
U.S. Foodservice Inc.	Columbia

Vertis Inc.	Baltimore
Voicebank Technologies Inc.	Abingdon

