



Is Gay Marriage Good for the Economy?

Executive Summary

Gay marriage advocates argue that same-sex marriage laws would help state economies. Examining various measures of state business environments, this paper asks whether this claim has merit. Across ten measures, states with marriage amendments do significantly better than states with same-sex marriage on a majority of indicators while states with same-sex marriage are disproportionately represented in the negative categories of nearly half the measures and underrepresented in most of the positive measures.

Is enacting same-sex marriage laws a good strategy for revitalizing a state's economy?

Some have proposed it would be, including the governor of Rhode Island,¹ activist groups² and even some business leaders.³ In New York, twenty-five business leaders wrote an open letter to urge the legislature to enact a same-sex marriage law. Their letter said, "In an age where talent determines the economic winners, great states and cities must demonstrate a commitment to creating an open, healthy and equitable environment in which to live and work. As other states, cities and countries across the world extend marriage rights regardless of sexual orientation, it will become increasingly difficult to recruit the best talent if New York cannot offer the same benefits and protection."⁴ In Indiana, executives of Cummins Inc. and Eli Lilly Co. offered testimony before the Senate Judiciary Committee arguing that a proposed amendment defining marriage as the union of a man and a woman would hurt businesses in the state by tarnishing Indiana's reputation.⁵

The link between redefining marriage and creating an environment favorable to job and business growth is not intuitive but these voices are so insistent, it has begun to develop into a recurring theme.

This policy brief will examine evidence of business environment in states with same-sex marriage and states without (particularly those with marriage amendments which prevent the recognition of gay marriage) to determine whether a pattern of increased economic vitality is associated with redefining marriage.

State Marriage Definitions

Marriage Amendments

Alabama
Alaska
Arizona
Arkansas
California
Colorado
Florida
Georgia
Hawaii
Idaho

Kansas
Kentucky
Louisiana
Michigan
Mississippi
Missouri
Montana
Nebraska
Nevada
North Dakota

Ohio
Oklahoma
Oregon
South Carolina
South Dakota
Tennessee
Texas
Utah
Virginia
Wisconsin

Same-Sex Marriage

Connecticut
Iowa
Massachusetts
New Hampshire
New York
Vermont



For indicators of a state's business environment, we have looked at ten factors:

- CEO rankings of the states
- State GDP
- Unemployment rates
- Domestic migration
- Rates of public employment
- State and local tax burden
- Economic development rankings
- Middle-class job growth
- Overall job growth
- Per capita income growth

These indicators make abundantly clear that states with same-sex marriage are in no better position than states with marriage amendments or which do not recognize same-sex marriage. In fact, on a number of indicators, states with same-sex marriage are in worse shape.

This does not, of course, establish causation. The point of this brief is not to do so but rather to examine claims of causation made by others who claim that redefining marriage will help a state's economy.

We found that on six measures (CEO grading, domestic migration, public employment, middle-class job growth, overall job growth, and income growth), none of the six states with gay marriage appeared in the list of top states. States with gay marriage make up twelve percent of the total states but make up thirty percent of the bottom states in four indicators (CEO grading, domestic migration, public employment and tax burden) of the five which included low rankings. One state with same-sex marriage (New Hampshire) is counted among the states with the lowest tax burden. On a more positive note, states with same-sex marriage are disproportionately represented in the top states in GDP growth and on the list of enterprising states (twenty percent). Same-sex marriage states make up thirty percent of the states with the best rates of unemployment.

CEO Rankings of Best/Worst States for Business

Top Ten

Texas*
North Carolina
Florida*
Tennessee*
Georgia*
Indiana
Virginia*
South Carolina*
Utah*
Nevada*

Bottom Ten

California*
New York**
Illinois
New Jersey
Michigan*
Massachusetts**
Connecticut**
Hawaii*
West Virginia
Ohio*

Source: J.P. Donlon, "Best/Worst States for Business," *Chief Executive*, May 3, 2011 at <http://chiefexecutive.net/best-worst-states-for-business>.



State Gross Domestic Product Growth 2006-2010

Highest Growth

North Dakota*
Wyoming
District of Columbia**
South Dakota*
Alaska*
Nebraska*
West Virginia
Iowa**
Texas*
Utah*

Source: U.S. Department of Commerce, Bureau of Economic Analysis, "Gross Domestic Product by State Interactive Map," June 7, 2011 at <http://www.bea.gov/regional/gdpmap/GDPMap.aspx>.

Unemployment Rates

Lowest Unemployment

North Dakota*
Nebraska*
South Dakota*
New Hampshire**
Oklahoma*
Vermont**
Iowa**
Virginia*
Wyoming
Kansas*

Highest Unemployment

Nevada*
Colorado*
California*
Rhode Island
Florida*
Michigan*
Mississippi*
South Carolina*
District of Columbia**
Kentucky*

Source: Bureau of Labor Statistics, "Civilian Labor Force and Unemployment by State and Selected Area, Seasonally Adjusted," accessed August 5, 2011, at <http://www.bls.gov/news.release/laus.t03.htm>.



Net Movers as Percent of Population

Top States	Bottom States
Idaho*	Alaska*
Arizona*	Louisiana*
Nevada*	District of Columbia**
Georgia*	New York**
South Carolina*	Hawaii*
North Carolina	Michigan*
Oregon*	Massachusetts**
Delaware	California*
Arkansas*	New Jersey
Montana*	Illinois

Source: Pew Social and Demographic Trends, "Map: U.S. Migration Flows," December 17, 2008 at <http://pewsocialtrends.org/2008/12/17/u-s-migration-flows/>.

Public Employment As a Percentage of Total Residents

Lowest Percentage	Highest Percentage
Nevada*	Wyoming
Arizona*	District of Columbia**
Pennsylvania	Alaska*
Florida*	New Mexico
Michigan*	North Dakota*
Utah*	Mississippi*
Wisconsin*	Nebraska*
Illinois	Vermont**
California*	New York**
Oregon*	Louisiana*

Source: Tax Foundation, "Full-Time Equivalent State and Local Government Employees per 10,000 Residents, by Function," September 21, 2009 at <http://www.taxfoundation.org/taxdata/show/25202.html>.



Business Tax Climates

Best States

South Dakota*
Alaska*
Wyoming
Nevada*
Florida*
Montana*
New Hampshire**
Delaware
Utah*
Indiana

Worst States

New York**
California*
New Jersey
Connecticut**
Ohio*
Iowa**
Maryland
Minnesota
Rhode Island
North Carolina

Source: Kail M. Padgitt, "2011 State Business Tax Climate Index," Tax Foundation Background Paper No. 60, October 2010 at <http://www.taxfoundation.org/files/bp60.pdf>.

Chamber of Commerce Report on Enterprising States

Top Ten

North Dakota*
Virginia*
South Dakota*
Maryland
Wyoming
New York**
Texas*
Iowa**
Nebraska*
Montana*

Source: Praxis Strategy & Joel Kotkin, "Enterprising States: Creating Jobs, Economic Development and Prosperity in Challenging Times," U.S. Chamber of Commerce, May 3, 2010 at <http://ncf.uschamber.com/wp-content/uploads/final-report-Enterprising-States-email.pdf> page 12.



Chamber of Commerce Report on Middle-Class Job Growth

Top States

Utah*
Nevada*
Wyoming
Hawaii*
Texas*
North Dakota*
Alaska*
Arizona*
New Mexico
Washington

Source: Praxis Strategy & Joel Kotkin, "Enterprising States: Creating Jobs, Economic Development and Prosperity in Challenging Times," U.S. Chamber of Commerce, May 3, 2010 at <http://ncf.uschamber.com/wp-content/uploads/final-report-Enterprising-States-email.pdf> page 8.

Moody's Analytics Overall Job Growth Forecast

Top Ten

Florida*
Texas*
Wyoming
North Dakota*
Louisiana*
Nebraska*
Oklahoma*
Kansas*
Kentucky*
Arizona*

Source: "Jobs Growth Forecast," *USA Today*, accessed August 5, 2011, at <http://www.usatoday.com/money/economy/story/Jobs-Forecast-2011/34083932/1>.

Growth in Personal Income 2000-2010

Top States

Wyoming
New Mexico
Texas*
North Dakota*
Louisiana*
Arizona*
Montana*
Alaska*
Utah*
Oklahoma*

Source: Bureau of Economic Analysis, "Survey of Current Business," July 2011, page D-76 at http://www.bea.gov/scb/pdf/2011/07%20July/D%20pages/0711dpg_k.pdf.

* *Marriage Amendment*

** *Same-Sex Marriage*

States with marriage amendments make up sixty percent of the total number of states. They make up ninety percent of the top states in overall job growth, eighty percent of the top states in four categories (CEO grading, domestic migration, public employment, and personal income growth), seventy percent in middle-class job growth, and are proportionately represented in four categories (GDP growth, low unemployment, tax burden, enterprising states). Marriage amendment states are not underrepresented in the positive side of any category. These states make up disproportionately low percentages of the states in the bottom rankings for tax burden (twenty percent), CEO rankings (forty percent), public employment (fifty percent) and domestic migration (fifty percent). These states are overrepresented among the states with highest unemployment (eighty percent).

In summary, of the ten indicators of a positive business environment we examine here, states with marriage amendments are overrepresented on the positive lists of six and proportionately represented on the other four. They are overrepresented on one of the five indicators with a bottom states list.

On the indicators, states with same-sex marriage are overrepresented on the positive lists of three, and underrepresented on the top lists of seven (with only one of these seven including a same-sex marriage state). Same-sex marriage states are overrepresented on the bottom lists of four of the five states with a low ranking category and roughly proportionately represented on the other bottom list.

These statistics make clear that there is no correlation between states with same-sex marriage and positive indicators for business climate.



Notes

¹ “Chafee: Gay Marriage, End of E-Verify Economic Issues,” *Providence Journal*, January 4, 2011 at <http://newsblog.projo.com/2011/01/chafee-gay-marriage-death-of-e.html>.

² Laura Nahmias, “Dems Hope Financial Argument Wins Republican Votes for Gay Marriage,” *The Capitol*, May 1, 2011 at <http://nycapitolnews.com/wordpress/2011/05/dems-hope-financial-argument-wins-republican-votes-for-gay-marriage/>.

³ Nicholas Confessore, “Business Leaders, in Letter, Will Urge Albany to Legalize Gay Marriage,” *New York Times*, April 28, 2011, page A23 at <http://www.nytimes.com/2011/04/29/nyregion/gay-marriage-gets-backing-from-new-york-business-leaders.html>.

⁴ “Business Leaders Endorse Same-Sex Marriage,” *New York Times*, April 29, 2011, at <http://www.nytimes.com/interactive/2011/04/29/nyregion/20110429-Business-Leaders-Letter.html?ref=nyregion>.

⁵ “Indiana Senate Committee Weighs Gay Marriage Amendment,” *Indy Channel*, March 16, 2011 at <http://www.theindychannel.com/politics/27213583/detail.html>.