

Civil Union Review Commission Hearing

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1 MEETING OF THE STATE OF NEW JERSEY DIVISION OF CIVIL RIGHTS
2 CIVIL UNION REVIEW COMMISSION

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Wednesday, June 18, 2008
Trenton, New Jersey

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BOARD MEMBERS PRESENT:

6

J. FRANK VESPA-PAPALEO, Esquire, Chairman

ESTHER NEVAREZ, Commissioner Liaison

7

BARBARA G. ALLEN, Esquire, Ex-Officio
Member

8

REVEREND CHARLES BLUSTEIN-ORTMAN

Public Member

9

STEVEN GOLDSTEIN, Vice-Chairman

JOSEPH KOMOSINSKI, Ex-Officio

10

ERIN O'LEARY, Esquire, Ex-Officio Member

MELISSA H. RAKSA, DAG, Ex-Officio Member

11

BARBRA CASBAR-SIPERSTEIN, Public Member

LINDA SCHWIMMER

12

PRESENT:

13

FREDERICK BEAVER

ALLISON KEMPER (via phone)

14

MARTHA LIVINGSTON (via phone)

SHANE McMURRAY (via phone)

15

BRAD SEARS

MARCIA VAN WAGNER

16

MARY WANDERPOLO

DANIEL CAPPELLO

17

HELD AT: 140 East Front Street
6th Floor
Trenton, New Jersey

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REPORTED BY:

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Renee Helmar, Shorthand Reporter

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(Whereupon, the conference call

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was connected at approximately

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1:25 p.m.)

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MR. CHAIRMAN: For those observing, please
notice that we are using a free conference call

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6 service, so that is why it is not as smooth as
7 AT&T service.

8 We are going to move forward and go around
9 the table; if there are any other -- we are
10 waiting for a call-in from Allison Kemper, and
11 then Martha Livingston, and then we will
12 continue with those in the room here, okay?

13 Any reports from any members of the
14 Commission? Charley.

15 REVEREND BLUSTEIN-ORTMAN: It is an
16 observation. I don't know if others had the
17 opportunity to hear, on Monday morning on
18 Morning Edition, there was a report given on
19 the battles between -- well, Ocean Grove was a
20 major part of it. There were some other things
21 that they were talking about, but in an
22 uncharacteristically, in my estimation, in an
23 uncharacteristically bias report, the reporter
24 reported on a portion of that case and left a
25 huge misconception of the listeners part in

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1 terms of presenting, well, the struggle between
2 the right of religious organization to decide
3 in what way they are going to allow their
4 religious ability to be available to the
5 public, but in no way cited the civil
6 responsibility that Ocean Grove had with the
7 various public monies that they have enjoyed
8 and all of those pieces to the case.

9 And by holding that information out of the
10 report, made it seem very much like there was a
11 persecution of religion going on and let it
12 stand in that way.

13 MR. CHAIRMAN: Was this the National
14 Public Radio?

15 REVEREND BLUSTEIN-ORTMAN: It was not a
16 local segment, it was unidimensional --

17 MR. CHAIRMAN: Yeah. I can't really speak
18 to it, we are preparing --

19 MS. O'LEARY: I heard the story, I didn't
20 hear the whole thing.

21 MR. CHAIRMAN: Yeah. The State is
22 preparing its brief right now.

23 Thank you for that, Charley. I did hear
24 that.

25 REVEREND BLUSTEIN-ORTMAN: It is very
0004 disturbing.

1 MR. CHAIRMAN: Any other reports from
2 Members of the Commission?

3 (Whereupon, there was no
4 response.)
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6 MR. CHAIRMAN: Okay. I am going to invite
7 up, while we are waiting for our call-in, I am
8 going to invite up Director Fred Beaver.

9 Fred, would you like to come sit here so
10 the court reporter can make sure that she takes
11 all the testimony?

12 And I just want to apologize in advance if
13 we juggle, okay? I appreciate it.

14 MR. BEAVER: I guess I will just read this
15 into the record?

16 MR. CHAIRMAN: Sure.

17 MR. BEAVER: And, again, I am Fred Beaver,
18 I am the director of Division of Pensions and
19 Benefits, appearing today on behalf of the
20 Treasury, who is very busy this time of year.
21 Their office is in the assembly or senate
22 chambers to deal with the budget issues. I
23 appreciate being here.

24 So, I can talk, and I am going to talk to
25 you today. Basically, we see the impact of

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1 both the Domestic Partners Legislation to the
2 Civil Union Legislation under the Division of
3 Pension. And to some extent, that would deal
4 with the cost issue, as well as the
5 administration complexity, so...

6 And whatever questions you have, if you
7 have a question specifically to the cost issue,
8 I would invite you to address it today.

9 And I talked briefly with Esther, and
10 trying to put together that I thought might be
11 PR, any questions you have, I will be happy to
12 go back to staff and put together whatever we
13 need to, to help you out with the Commission.

14 MS. KEMPER: Hi, this is Allison Kemper.

15 MR. CHAIRMAN: Hi, Allison.

16 I'm sorry, Director, do you mind if we --

17 MR. BEAVER: No.

18 MR. CHAIRMAN: We are going to go on to
19 the phone.

20 Welcome, Allison, this is Frank Vespa,
21 Chair of the Commission.

22 MS. KEMPER: Hi, Frank Vespa.

23 MR. CHAIRMAN: Hi. Thank you for calling
24 in to us. You are on speakerphone, the court
25 reporter is taking your testimony.

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1 And this is the Civil Union Review
2 Commission, and we are taking testimony today
3 about the fiscal impact on government and the
4 people of our jurisdiction for same-sex couple
5 to have civil unions or marriages, and what you

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6 can share from your experience.

7 So, if you would introduce yourself and
8 please speak to us, we would appreciate it.

9 MS. KEMPER: My name is Allison Kemper; I
10 am a graduate student in the Business School
11 here in Toronto, at the University of Toronto.

12 MR. CHAIRMAN: Okay, Allison, thank you.

13 What we have before us is, we are trying
14 to get some information from experts, such as
15 yourself, about what kind of impact, what kind
16 of financial impact you have seen or you have
17 studied in places where they have recognized
18 same-sex marriages.

19 For example, in Canada, in Toronto, what
20 can you -- what kind of information can you
21 give us?

22 MS. KEMPER: Well, I think there is an
23 awful lot of opportunity for positive financial
24 impact. It depends on whatever kind of
25 complimentary programs you have in place. If

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1 you do not do nothing, you won't get the
2 positive impact that you might have otherwise.

3 So, I want to talk about two kinds of
4 impact. One is avoiding costs, which is one
5 way of making money, and the other one is
6 generating more business.

7 So, is that the helpful categorization for
8 you?

9 MR. CHAIRMAN: Yes. Thank you.

10 MS. KEMPER: Okay. So, in terms of
11 avoiding costs, one of the things that was
12 really important here, was to see how
13 enormously expensive litigation is, both on the
14 families that have to litigate to get the kind
15 of standards that they need to raise their
16 children or to deal with partner benefits and,
17 also, on the companies that fight them and on
18 the state that have to adjudicate them.

19 So, those are enormous kinds of hidden
20 cost to every party.

21 And I think that you are seeing a lot of
22 pretty heavy court cases in New Jersey, and
23 they are not cheap. They are probably even
24 more expensive in New Jersey.

25 So, if you can bring your cost of

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1 litigation down, you will no longer be the
2 source of full employment for litigation
3 lawyers.

4 But I think the cost of doing business in
5 New Jersey may go down, and certainly the cost

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6 of raising a family in New Jersey will go down
7 if you don't have to litigate for every kind of
8 benefit and recognition.

9 And that is a really important thing.

10 Is that helpful?

11 MR. GOLDSTEIN: Allison, go ahead. We are
12 not going to interrupt you.

13 It is Steven Goldstein, you should just
14 keep going.

15 MS. KEMPER: Okay. So, that is one really
16 important kind of avoided cost.

17 Another kind of avoided cost is the need
18 for this state to intervene in cases where one
19 partner has jettisoned the other and will not
20 fill obligations because there is no
21 recognition of a marriage.

22 So, often a social safety net exists
23 because of marriage, isn't there without
24 marriage. But it's been cheaper for most
25 jurisdictions to recognize marriage, people

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1 marriage, to depend on the mutual benefit of
2 the partner first. And that is another point
3 of avoided costs.

4 That really helps business, helps family,
5 helps the area.

6 REVEREND BLUSTEIN-ORTMAN: Allison, can
7 you give an illustration of what you are
8 talking about there?

9 MS. KEMPER: Well, in the case of
10 abandonment of children, for instance, because
11 of -- the second party is not clearly a parent.

12 In Canada, both parties are clearly
13 parents to the children that have marriage, and
14 both parents have obligations to maintain those
15 kids, no matter what happens to the
16 relationships.

17 There's been litigation in the past in
18 Canada, and continues to be litigation in the
19 U.S. over the obligations of parents who did
20 not have marriages at the time of the
21 dissolution of the relationship, but did have
22 children. And you don't want those children to
23 be supported by the state if you can possibly
24 help it.

25 And the fact that, the people who are

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1 married, have all the children of the marriage.

2 That is the entire kind of way of doing
3 business for the whole society.

4 Is that clearer?

5 REVEREND BLUSTEIN-ORTMAN: Yes. Thank

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6 you.

7 MS. KEMPER: All right. Another kind of
8 benefit would be the possibility of local growth
9 and economic development. And this is not
10 quite as obvious to legislators that it ought
11 to be.

12 But one of the -- I tried to convince the
13 people of Toronto right at the beginning was,
14 we should be dedicating a lot of our tourism
15 dollars to attract these couples that want to
16 marry.

17 And I think because you have had such a
18 strong tradition of tourism industry in New
19 Jersey, you are really set up to be able to
20 attract couples from anywhere where it is
21 quicker, or cheaper, or better, in some ways,
22 to fly to New Jersey than it is to go to San
23 Francisco or LA.

24 You could have an enormous trade in Latin
25 American folks coming, European folks coming,

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1 Mediterranean, people that want to come to the
2 east coast and America.

3 California is already, you know, pretty
4 excited about the increase that tourism will go
5 to that experience, because they can now offer
6 marriages, weddings to people from outside of
7 California.

8 Massachusetts, in their infinite wisdom,
9 didn't capture that market. It is wide open
10 for you.

11 You have an enormous market within the
12 U.S. as well as extrajurisdictional. You can fill
13 your hotels with people that want to get
14 married. And I think that New Jersey knows
15 that.

16 I am old, and my mother is older. When
17 she was a waitress in a hotel in Atlantic City
18 and, you know -- I am sure that your hotels
19 will appreciate the ability to accommodate
20 these people.

21 And I can't imagine you have -- you don't
22 have access in that industry.

23 And -- well, California is a competitor.
24 Because it is so far away, you basically got
25 everybody else, you know, east of the

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1 Mississippi and west of the Ural Mountains,
2 that they wish to come to get married with some
3 time on the beach in New Jersey, or some time
4 shopping in New York, or great parties, or
5 hotels in New Jersey.

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6 So, that's -- it is an obvious thing, but
7 you have to have coordinated bureaucracy,
8 legislation and business to pull that off.

9 And you're in a perfect place to launch
10 that.

11 Ontario was too stupid; Massachusetts had
12 wrongly decided that only people from the state
13 could get married; California is too far away
14 for anybody from the eastern part of the U. S.
15 or from most of Latin America or the
16 Mediterranean.

17 I think that it would be a fabulous
18 business, that kind of campaign, that way.

19 MR. CHAIRMAN: Okay. Any other questions?

20 MS. KEMPER: I got some other ideas.

21 MR. CHAIRMAN: Go ahead, Allison.

22 MS. KEMPER: Capturing businesses. One of
23 the things that we talked about a lot in
24 business, incidentally, is the, kind of, war
25 for cowards. And it is globally, it is really

0013 1 important to be able to attract this area best.

2 You got some very high tech industry
3 there. You are going to want the best and
4 brightest from around the world.

5 And one way to ensure that you have the
6 biggest pool of skilled labor is to ensure that
7 people know that human rights are respected.

8 I tried to convince the Minister of
9 Foreign Affairs in Canada a few years ago that
10 we needed to be able to draw American
11 physicians, American engineers north of the
12 border by advertising that they could have full
13 human rights here in Canada. That program
14 never got launched.

15 If you do launch that kind of program, you
16 are going be able to have a marginal advantage
17 over all kinds of other jurisdictions competing
18 for, you know -- Richard Forrest indicates, it
19 is not just gay people that want to live and
20 work where gay people are happy to be, it is
21 also everybody in the creative class, the
22 engineers, philosophy writers, performing
23 artists. Everybody wants to be where it is
24 advantageous to live as a gay person.

25 Another kind of financial advantageous

0014 1 that requires some coordination amongst
2 legislators and business is, if people who
3 happen to work in Manhattan or Philadelphia see
4 it as an advantage to maintain legal residence
5 in New Jersey, you will be able to benefit from

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6 their income taxes, you know.

7 As the suburbs begin to shrink due to the
8 cost of commuting, you know, a lot of gays have
9 a harder, harder time hanging with their
10 population.

11 If you can make it more attractive for gay
12 couples or lesbian couples to live in New
13 Jersey, you are going to be able to attain more
14 of your commuting residents and more of their
15 income taxes. And that will happen, you know,
16 in Camden and Newark.

17 And I see, you know, one of the
18 interesting things that happened when Virginia
19 passed an anti-gay amendment that was
20 constitutional was, a lot of gay couples moved
21 to Maryland.

22 They are competing for the same income tax
23 dollars, and that is the same commuters that
24 live in Washington, D.C. And Maryland is going
25 to win that, and Virginia is going to lose that

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1 because of that amendment.

2 So, the more gay positive you can be, the
3 greater competitive advantage you are going to
4 have over a broad swag of employees.

5 And HR directors and companies know the
6 same things that -- that, you know, people that
7 their -- in their company's know, it is better
8 to live in a jurisdiction that is more open and
9 more tolerant. They are going to want to
10 locate where the tolerance is.

11 So, those are the broad brush stroke
12 things. It does take some coordination amongst
13 the bureaucrats in the election program, the
14 corporations and the legislators.

15 But I think, you know, the U.S. has nobody
16 that you can compete with, it is just not there
17 yet.

18 Massachusetts maybe -- will open it up,
19 but he hasn't yet. And you're, you know,
20 Connecticut isn't as far as you are;
21 Pennsylvania is nowhere near where you are.
22 And I think you're in an ideal position,
23 because you got New York and Philadelphia at
24 either end to tarnish a real skilled labor
25 force attractiveness to New Jersey. You've got

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1 such a lot of high tech there, and you are
2 going to want to keep building that because,
3 the manufacturing is all gone.

4 MR. CHAIRMAN: Okay. Thank you, Allison.

5 MS. KEMPER: Was that helpful?

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6 MR. CHAIRMAN: Yes. It is.
7 Any questions from the Commission Members?
8 (Whereupon, there was no
9 response.)

10 MR. CHAIRMAN: All right. Thank you very
11 much, Allison.

12 MS. KEMPER: All right.

13 MR. CHAIRMAN: Have a great day.

14 MS. KEMPER: Take care. Bye.

15 MR. CHAIRMAN: All right. We are going to
16 continue on with the director's testimony.

17 Thank you very much for accommodating us.

18 MR. BEAVER: No problem.

19 As a former press secretary and joint
20 director, I must emphasize that the talent pool
21 is a key consideration. And my former company
22 had a very liberal approach to hiring, so I
23 would keep that in mind. They are giving the
24 best advise. So it is working for them very
25 well.

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1 The division is responsible for the
2 administration of the state pension systems.
3 And I want to just mention, you got the public
4 employee system, teachers, police and fire
5 retirement system and state police as well as
6 the State Health Benefit Program.

7 There are never any restrictions on the
8 two major pension systems with regard to naming
9 a beneficiary. That would be PFRS and
10 teachers. You could name anybody you want to
11 name as beneficiary. There is no restrictions
12 whatsoever.

13 The police and fire retirement system --
14 the police and fire and state police, however,
15 did have a requirement, spouse would be a
16 beneficiary. So we did see some problems
17 there. And I am sure you all are aware, one
18 really terrible case was in Toms River with the
19 county sheriff detective. It was horrendous.
20 But the public employee system, teachers were
21 never really -- there was no concern about
22 who's named as a beneficiary. Even in the
23 relationship with the people.

24 But the police and fire and state police
25 were very problematic.

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1 The legislation broadened that coverage
2 and we no longer looked at the word "spouse" in
3 a traditional sense. Enactment of the domestic
4 partners and civil union legislation provided
5 for that coverage automatically. It allowed

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6 for the designation of a domestic partner or
7 civil union to be included under that
8 definition, under the coverage.

9 The major effect of the legislation, I
10 guess from a benefits perspective from both
11 domestic partners and civil unions, were the
12 State Health Benefits Program. And by impact,
13 I am not referring to costs or administrative
14 burdens, we still do these fairly nominal. And
15 we are looking at a \$36 million operating
16 budget for our division. The numbers of times
17 that we have to change a piece of paper should
18 reflect some changes in the statute is not
19 material to us.

20 But with regard to the availability of
21 health benefits partners were approved,
22 essentially the coverage was limited to spouse
23 and children.

24 With regard to the domestic partner
25 legislation was difficult, because it

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1 encountered, at the local level, with employers
2 who failed to adopt because, as we recall, the
3 state agency -- not the state agency, but the
4 local employers and the state employers of the
5 Board of Education had to adopt a resolution to
6 extend domestic partner coverage to domestic
7 partners.

8 To date, we only have 111 of the potential
9 1900 employers that have adopted such
10 resolution.

11 So, clearly, you can see it was not a
12 broad impact and not widely adopted.

13 To the extent that it is not necessary to
14 the Civil Union Legislation, we have far more
15 registered domestic partnership arrangements
16 today, then we do civil unions, as I will
17 explain in a few minutes.

18 At the State level, we now provide
19 coverage for 433 domestic partnerships and only
20 35 civil union. And they are the state
21 employees. So, it is the states and colleges.

22 Now, at the local level, we only have 98
23 domestic partnerships, and 166 civil union
24 members. So, in total, we got 531 domestic
25 partnerships and 231 civil unions.

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1 As a point of reference, the SHBP, in
2 total, has more than 140,000 state
3 participants, and over 207,000 local.

4 So, clearly, we did not see the impact
5 that you would expect to see. So, something is

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6 not working somewhere, I mean, in our mind. We
7 would expect a far greater numbers, especially
8 at the early, early days of the legislation.
9 It depends on that kind of coverage.

10 With regard to cost, and I will just talk
11 to what I think is the important pieces here.
12 We see nominal administration cost and start-up
13 cost for both acts.

14 In our mind, we got six pension reform
15 bills out. They will have a much greater
16 impact on cost than anything related to civil
17 union. I mean, just changing pension
18 participation, state program participation
19 based on other criteria than what we have
20 today, is far more than we expected. We've
21 spent, in total for both acts, the domestic
22 partnership and the civil union, about \$160,000
23 in, both, systems and paper cost. So that was
24 to modify forms and to adopt our system.

25 One thing that we did do, and I want to

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1 explain this briefly. We do identify, in our
2 systems, civil unions and domestic
3 partnerships, but we don't do it pending
4 experience. And I think that is part of the
5 Civil Union Act, requires us to practice some
6 of the stuff.

7 So, we wanted to be able to make sure that
8 we delivered information to parties, such as
9 yourself, as to what the impact has been.

10 In terms of claims experience, we do not
11 account separately. And I think for good
12 reason. We don't see how -- I, personally,
13 don't think that it should be looked into to
14 determine whether there is any differentia and
15 claims experience. I would not expect to see
16 it, and I don't want anybody to have the data
17 available. And, quite frankly, under the HIPAA
18 Act, we are going to keep that information very
19 private anyway.

20 So, I don't think it is material. I don't
21 think that it is anything that we have to be
22 concerned about. And I intensely told staff,
23 we are not looking to separate anything to --
24 for any parties other than what we do today.

25 And today we look at experience for the

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1 state plans and state employees, and we
2 separate active and retired. And we went to
3 the local plans and the Boards of Ed
4 separately, and, again, active and retired, but
5 no other differentia.

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6 So, we are not seeking -- the question
7 that I heard you raise earlier about
8 identifying cost. We have not set anything in
9 motion to capture cost. And I don't think,
10 personally, it is necessarily appropriate. And
11 we saw no valid reason to track any other cost.

12 And in that 35 years in health benefits
13 administration, I could tell you, I would not
14 expect to see any differentia.

15 So, I can't help you out anymore. I have
16 done the cost, and for \$166,000, we blow that
17 in one line. We changed that three times since
18 last Wednesday. So that is not a big deal to
19 me.

20 So, that is, basically, what I wanted to
21 share with you today. It has not had any major
22 impact on the Division of Pensions or the
23 Department of Treasury as I can see it. I am
24 not a policy maker, I am an administrator. We
25 take whatever the legislator hands us. And we

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1 take lemons and make lemonade, is the saying.

2 This has not had a major impact on us.
3 Since I sit on all the Pension Boards and the
4 State Health Benefits Commission as a member or
5 secretary, I get to hear the case; I get to see
6 the impact on people. I get to see if it is
7 very favorable.

8 So, on a personal level, I think, you
9 know, it is the right thing to do, and people
10 have been favorably impacted just on an
11 anecdotal basis.

12 So, with that said, I will take any
13 questions that you have already, and request
14 for information that you have, other than
15 claims information.

16 MR. CHAIRMAN: You said that there was, in
17 looking at the numbers, with your experience,
18 you would expect more people to enroll, such as
19 not working and all?

20 MR. BEAVER: Well, quite frankly, when we
21 see something like 111 out of the 111
22 municipalities adopting a resolution and 1900
23 potential participants, we would have expected
24 to see more. And I think that the 111 came in
25 very quickly.

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1 We had one municipality actually withdrew
2 it after the fact.

3 So, again, we were very surprised. We
4 were expecting -- we had people ready to do a
5 lot of work to make this effective.

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6 MR. CHAIRMAN: So, that was surprising.
7 So, I highlighted information in our chart
8 looking at the Domestic Partnership Act, this
9 would be an area for us to look at, which is,
10 is the DPA working for those senior citizens,
11 opposite sex couples, that are now the only
12 ones entitled to do a DP.

13 If the law still is requiring employer to
14 affirmatively pass resolutions or ordinances to
15 allow a DP in municipalities or counties and
16 all that, there may be a whole lot of people
17 missing out on that opportunity, senior
18 citizens of opposite sex. That might be an
19 issue to explore, you know, at our next
20 meeting. Whether that might be something to go
21 to legislator to revise.

22 MR. KOMOSINSKI: Just one thing; one
23 session.

24 MR. CHAIRMAN: Okay.

25 REVEREND BLUSTEIN-ORTMAN: That is a red

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1 flag for me.

2 MS. SCHWIMMER: Well, I just want to
3 clarify. So, does that mean that, if you would
4 like to take advantage of that law, that local
5 municipalities hasn't passed a resolution so
6 far, we can't take advantage of it? Are people
7 being turned away at this point?

8 MR. BEAVER: To the extent that there are
9 people that when we adopted resolution, there
10 are recourses.

11 Well, the domestic partnership is. I
12 think we are seeing that today.

13 MR. CHAIRMAN: Correct. It is for over
14 62.

15 MR. BEAVER: If there municipality has not
16 adopted, then they don't provide the extensive
17 coverage.

18 MR. CHAIRMAN: I mean, the majority of the
19 New Jersey municipalities, counties and school
20 boards have not passed permanent resolutions
21 allowing domestic partnerships to occur. So,
22 until they do that, there are lots of senior
23 citizens who are the only ones eligible now,
24 that do a domestic partnership, that might be
25 not given this opportunity. That might be one

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1 of the things, you know, to look at.

2 And this was helpful to hear that you're
3 concerned that something is not working,
4 because the numbers are so tiny.

5 MR. BEAVER: We were shocked, to be quite

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6 frank.

7 MR. CHAIRMAN: Do you have any reason --
8 if the State amended -- if the legislator
9 amended a law to move from a civil union to
10 actually allow marriage for same-sex couples,
11 would there be any additional negative impact
12 on your offices, operations or keeping track of
13 anything?

14 REVEREND BLUSTEIN-ORTMAN: Or positive
15 impact?

16 MR. BEAVER: I would say I am in favor.
17 You know, if the civil union is available
18 today, to us, you know, whether it is a
19 marriage or a civil union, on a practical
20 basis, we are providing the coverage. So,
21 there would be no change and there would be no
22 delivered cost impact, either, negative or
23 positive. So, I will take that.

24 The coverage is out there. It is
25 available today if you enter a civil union. We

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1 will be happy to put you on a type of plan as
2 soon as possible. We won't make you wait.

3 MR. CHAIRMAN: My question is, right now,
4 the cost of the cost. If the legislature
5 changed it to make it marriages, would there be
6 any additional cost that you've already
7 incurred, or will it be, you know, a zero sum
8 stipulation?

9 MR. BEAVER: The only cost we've -- well,
10 it's got to be negative. Well, if we have to
11 go back and rechange our programs to eliminate
12 reference to civil unions and domestic
13 partnerships, we will incur another cost. But
14 other than that, no.

15 MR. CHAIRMAN: Okay.

16 REVEREND BLUSTEIN-ORTMAN: And you are
17 saying that is minimal?

18 MR. BEAVER: The program continues --
19 substantially changing programs.

20 So, that is -- that would not be a
21 deterrent that way.

22 MR. CHAIRMAN: Any questions for the
23 director?

24 (Whereupon, there was no
25 response.)

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1 MR. CHAIRMAN: Okay. Thank you very much.

2 MR. BEAVER: If you have any questions or
3 need any information, please let us know.

4 MR. CHAIRMAN: Okay. Appreciate it.
5 Thank you. Have a good day.

Civil Union Review Commission Hearing

6 MS. LIVINGSTON: Martha Livingston.

7 MR. CHAIRMAN: Martha, welcome; perfect
8 timing.

9 This is Frank Vespa; I am the chair of the
10 New Jersey Civil Union Review Commission.

11 And we are ready to take your testimony.
12 So, if you wouldn't mind introducing yourself.

13 Let me just refer our Commission Members
14 to -- in your packets, you have an article, it
15 is on yellow paper, an article that was copied
16 from the Boston Business Bureau that appeared
17 on February of 2008. It says, "Gay marriages
18 attract out-of-state work force."

19 In that article, on Page 2, there is a
20 reference to our next speaker, Martha
21 Livingston, Founder and CEO of Inclusive
22 Recruitment, LLC. Okay. So that is your
23 reference.

24 Welcome, Martha.

25 MS. LIVINGSTON: Thank you very much.

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1 I am Martha Livingston. I am calling from
2 Concorde, Massachusetts and speaking today on
3 behalf of people in New Jersey for, both, a
4 personal and a professional perspective.

5 I want to say that I am a New Jersey
6 native. I was born and raised in Summit. I am
7 48 years old. I identify as a gay woman, but I
8 only made this discovery in the last few years.

9 For 20 years, I was married to a wonderful
10 man. And we continue to work together in a
11 nurturing way to raise our children.

12 In the process of coming out as a
13 middle-aged woman who was established in her
14 community, I was known to my friends and at the
15 kids schools, at church as straight, lived on
16 the corner, nice house and great kids. This
17 has been personally excruciating.

18 But thank goodness I did this in
19 Massachusetts, because not only is it legal for
20 the gay people to be married here and be
21 accepted, but there is schooling here that goes
22 along with it.

23 Because, when you are gay, there is an
24 understanding, a sense of kindness, a feeling
25 that you are still in the neighborhood. And I

0030

1 think a lot of it has to do with the fact that
2 a gay marriage is legal here.

3 I can't imagine having gone through this
4 process if I lived in a state where my rights
5 as a gay woman, were not equal to my rights

Civil Union Review Commission Hearing
6 that I took for granted for so many years as a
7 straight person.

8 So, professionally speaking, for the last
9 20 years, I have been a career counselor, a job
10 placement consultant. We call people like me
11 the headhunters. And due to my personal shift,
12 I have now rededicated my work and my mission
13 to help me to reinvent a profession and find a
14 business that will work for me. I call my
15 business Inclusive Recruitment.

16 And, again, I say, thank goodness I am
17 doing this in Massachusetts.

18 In Boston, there two companies that are
19 dedicated to recruiting and retaining. And
20 that is the keyword, is retention. Retaining
21 gay and lesbian professionals.

22 Bank of America, Main Street Corporation,
23 just to name a few, as well as many smaller
24 organizations and so many wonderful nonprofit
25 that we have here in Boston.

0031

1 And that is not only because we offer
2 them, but if you are in Massachusetts that
3 says, if you are gay, you can be married
4 legally because, it is just about what it feels
5 like to be here, in this state. It
6 acknowledges to be able to be legal.

7 And gay and lesbian professionals are
8 moving to Massachusetts. And they are bringing
9 their expectations; they are bringing their
10 credentials; they are bringing their kids; they
11 are bringing their parents; they are bringing
12 their money to this exclusive state, where it
13 is not just about the legal right to marry, but
14 it is about a culture of acceptance that they
15 find here. And they are buying houses and they
16 are supporting their school system; they are
17 building ball fields; they are funding art
18 programs for children and adults; they are
19 making money and they are spending their money.
20 And they are teaching the rest of the world
21 that, it is okay to be gay, and it is okay to
22 be raising children. And it helps other people
23 to becoming more accepted and tolerant.

24 I recently just placed a young woman who
25 moved here with her partner from a distance.

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1 She was thrilled not only to have a great job,
2 but to be able to openly and freely to bring
3 her partner to the company holiday party and
4 introduce her as "my spouse" and have that be
5 real and legal for her.

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6 So, when Massachusetts legalized gay
7 marriage in 2004, and I still identified as
8 straight, and I was so happy that I wasn't
9 thinking from a perspective of being gay. I
10 was straight and I said, this is -- this is
11 great. I am so honored to live in a state
12 where everyone is treated equal.

13 Little did I know what that would mean to
14 me just a year later, as I made this incredible
15 discovery about why I did not always feel right
16 in my life.

17 So, I am very happy to live here in
18 Massachusetts. And my opinion, being married
19 is not only good for gay people, it is good for
20 everyone. And it is good for all people.

21 And that is my statement.

22 MR. CHAIRMAN: Martha, this is Frank
23 Vespa.

24 Yes. My question is, can you -- I have
25 been doing a little bit of reading about this

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1 issue of the brain drain in jurisdictions where
2 they have actually passed constitutional
3 amendments or statutes denying same-sex
4 couples, legal recognition, that there has been
5 a brain drain off talent of highly educated
6 people from those jurisdictions moving away and
7 into jurisdictions that have more open policies
8 and laws. Can you explain a little bit more
9 about that? You kind of touched upon that
10 issue. Has there really been -- I guess, if
11 there was a brain drain elsewhere, has there
12 been a brain drain in Massachusetts?

13 MS. LIVINGSTON: I would say, absolutely.
14 I am not a staff person, I have to admit, I am
15 very touchy-feely. So, I can't say, you know,
16 X percentage over, you know, people who work at
17 the Bank of America, who are gay, moved here
18 because of Massachusetts being in place.

19 But it is just, I say, without a doubt,
20 that people are attracted to states that
21 promotes this activity and legal acceptance of
22 all -- of all people, whoever they are; whoever
23 they want to be married to.

24 And, you know, I would say the brain game
25 is not just the gay people are moving here. I

0034

1 mean, who would want to live in a state that
2 offers something that, I think, is an
3 attractive option for people, no matter how
4 they identify.

5 MR. CHAIRMAN: The employers that you

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6 worked with in placing candidates, can you
7 explain a little bit about how have they used
8 this issue of the recognition of same-sex
9 marriage in Massachusetts to, you know, recruit
10 diversity to include gay and lesbian people?
11 What have they done? Have they actually
12 identified that as a positive issue for their
13 recruitment practices?

14 MS. LIVINGSTON: Yes. Definitely.

15 From an equal employment opportunity
16 perspective, it is not yet a measurable
17 statistic. So, when companies are speaking
18 about diversifying, diversities, GLBC is not
19 yet in that legal term.

20 However, many organizations have what is
21 called, employee resources, ERGs or infinity
22 groups. And in Massachusetts, we are finding
23 that these organizations are establishing gay
24 and lesbian infinity groups right alongside the
25 Hispanic Infinity Groups, the African-American

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1 Group, Persons With Disabilities Group.

2 So, yes. The companies are rolling out
3 the red carpet here, and realizing that they
4 not only want to recruit and attract these
5 highly educated and money maker population, but
6 they want to keep them and they want to retain
7 them, have them be happy and engaged and feel
8 included.

9 And I think companies are working with
10 their language as well, kind of, in a company
11 policy. Obviously, non-discrimination issues.

12 But, you know, instead of saying, bring
13 your wife or husband, you know, now it is
14 spouse and partner. And I am hoping that is
15 happening nationally, but I know in
16 Massachusetts it definitely is.

17 It is just a -- more of a cultural
18 acceptance here.

19 MR. CHAIRMAN: Okay. And from your
20 perspective, it's been easier to recruit
21 quality candidates since Massachusetts has
22 recognized --

23 MR. McMURRAY: Shane McMurray.

24 MR. CHAIRMAN: We will be right with you
25 Shane.

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1 MS. LIVINGSTON: Yes. It is definitely
2 easier to recruit people here, in
3 Massachusetts, and find that is an easy sell.

4 MR. CHAIRMAN: Okay. Any questions for
5 Martha?

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6 MR. KOMOSINSKI: Martha, this is Joe
7 Komosinski.

8 I am just wondering if, when you talked
9 about others besides gay and lesbians, do you
10 find, or have any information about -- one of
11 the things based on our previous testimony that
12 we had, were families that had gay or lesbian
13 children. They are going more towards that
14 area because of the fact that it may give
15 opportunities to their children that are, you
16 know, at a teenage age that are going to be
17 entering into possible marriage.

18 MS. LIVINGSTON: Yes. Without a doubt.
19 And not only, you know, the marriage
20 perspectives, but as well as any activity in
21 school, because Massachusetts just embraces it.
22 And, yes, I would say, without a doubt,
23 families of gay people want to live in a
24 liberal and open state like Massachusetts.

25 MR. KOMOSINSKI: Thank you.

0037

1 MR. CHAIRMAN: Thank you. Any other
2 questions from the Commission?

3 REVEREND BLUSTEIN-ORTMAN: A question,
4 really, for us, and with Martha here. And I am
5 just wondering if there is a Joe Komosinski in
6 Massachusetts that would have the data, the
7 statistics to provide us with hard facts
8 regarding increases of numbers of couples
9 coming in or --

10 MR. CHAIRMAN: Well, there is no other Joe
11 Komosinski, there is only one, and he is ours.

12 That is -- actually, one of the articles
13 in your packet, which I will identify a little
14 bit later, the Times, The New York Times this
15 past week, did an article about the numbers in
16 Massachusetts and the trend that they have seen
17 since marriage became legal in that state -- or
18 in that Commonwealth, and we can go through --
19 I think that Joe can provide some more hard
20 numbers that he can get from there.

21 MS. LIVINGSTON: I missed that article, so
22 I will look for that. That is great.

23 MR. CHAIRMAN: Okay. Any other questions?

24 REVEREND BLUSTEIN-ORTMAN: Thank you,
25 Martha.

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1 MR. CHAIRMAN: Martha, thank you so much
2 for calling in. We appreciate it.

3 MS. LIVINGSTON: Thank you very much for
4 taking my call.

5 MR. CHAIRMAN: Have a great day.

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Shane.

MR. McMURRAY: Yes.

MR. CHAIRMAN: Shane, welcome.

MR. McMURRAY: Thank you.

MR. CHAIRMAN: Thank you for calling in.

MR. McMURRAY: Sure.

MR. CHAIRMAN: This is Frank Vespa; I am chair of the Civil Union Review Commission here. And, please, introduce yourself.

And what we are taking testimony of today is, financial impact of having same-sex marriages recognized.

So, please, welcome and introduce yourself.

MR. McMURRAY: Thank you for having me.

I wanted to let you know that Esther, the commission liaison, actually sought me out to speak on this topic.

And as for myself, I have a Master's in Business. I have been doing data mining and

activities around data and making it useful for about 15 years.

Currently, I am the CEO and founder of The Wedding Report, which is a research company that I started three years, that tracks industry trends for weddings in regards to spending, the number of weddings and trends in the industry.

I have been doing it for about three years now. It is very popular; it is growing substantially, and recently did a speech for WE TV up there. And part of that speak had to do with some information around the same-sex couple marriage, same-sex marriage.

And, so, I did some research around it, and I will provide you what my findings are, but I just want to let you know, this is really a professional opinion based on our research that we've done in, The Wedding March, and in general. And then based on some census data that is available, plus in Massachusetts, the fact that they had legalized it and the stats that I was able to get from them on that.

So, I kind of modeled what I think it would be based on what is happening there.

I don't think that it would be much different in any other state. So, my findings and my opinion, really, is based on that.

MR. CHAIRMAN: Okay. Thank you. Shoot. Go ahead.

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MR. McMURRAY: Sure.

So, what -- from census data, basically, there's been about a 15 percent growth in New Jersey in the gay population for over six years, from '00 to '06, for same-sex couples. And just from '03 to '06, there was actually a 22 percent increase.

So, we think that the growth rate is around 3.5 percent, going forward from '06, and then going forward into the years coming.

So, what we think is that couples, the population today is around 23,000 people and will likely grow to about 25.5 in 2011.

And as I indicated, basically, the growth rate is about 3.25 percent over the year, going forward.

On average, in New Jersey, couples spend about \$35,000 for their wedding. And just to make a note, there is a media company called, PlanetOut, and they do surveys on gay and

lesbian consumers.

They did a survey back in -- last year, I believe, in California, and they indicate that gay couples -- or gay consumers spend about 10 percent more on nuptial type of events.

So, using, basically, my numbers that I put together for what I think the economic impact kind of models what happened in Massachusetts.

If you look at the Massachusetts numbers, the reality is, the first year, the 35 percent of that couples -- 35 percent of that population got married; the second year was about 10 percent; third year 7 percent; and then last year it was about 4 percent.

And I think that, really, by the fifth year, you will see it normalize out for the normal rate of marriage, which is about .07 percent to 1 percent. And it varies per state.

Also, the models take into account that there is going to be a lot of, you know -- 15 percent of couples will likely go to just the Justice of the Peace and get married.

So, in opposite-sex marriages, roughly 8 to 10 percent of those couples actually go to

the Justice of the Peace or get married and spend very little on their wedding. I believe that in the gay population, it will probably be around 15 percent.

So, we took those numbers out of the

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6 overall economic impact. So, in 2000 -- if you
7 were to legalize it in 2008, in the first year
8 we believe there will be about 8000 weddings;
9 second year probably 2300; third year 1700; and
10 by the fourth year, you would see around 1000.

11 MR. GOLDSTEIN: If --

12 MR. McMURRAY: If you take out the 15 --
13 go ahead.

14 MR. GOLDSTEIN: Are you talking about
15 couples only in the state, or does that include
16 couples who would come to New Jersey?

17 MR. McMURRAY: Those are couples in state
18 and coming into New Jersey, because the same
19 model applies for Massachusetts, right? The
20 same amount of people were to go out --

21 MR. GOLDSTEIN: No. No.

22 MR. McMURRAY: -- or would that be people
23 coming in?

24 MR. GOLDSTEIN: No. With all -- no. No.
25 I mean, with all due respect to the study,

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1 Massachusetts does not allow out-of-state
2 couples to marry pursuant to a 1913 law, and
3 New Jersey does. So, I just want to point out,
4 it is a very different model.

5 MR. McMURRAY: Okay. So then that would
6 not be taken into account.

7 MR. KOMOSINSKI: New Jersey also doesn't
8 have Justice of the Peace.

9 MR. GOLDSTEIN: Right.

10 MR. KOMOSINSKI: So, those numbers can go
11 back down.

12 MR. McMURRAY: Okay.

13 MR. GOLDSTEIN: And, also, there is quite
14 a bit of dispute and dissatisfaction. The LGBT
15 communities with the census figures on
16 computing the population of the people of the
17 LGBT --

18 MR. McMURRAY: Okay.

19 MR. GOLDSTEIN: -- for various reasons,
20 given the vagueness and the census for them.
21 This is a short census form that doesn't
22 include the question.

23 So, while I think that is a growth that
24 you cited the LGBT community in New Jersey is,
25 indeed, very impressive.

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1 Because of problems in the census, if
2 anything, those of us in the community feel the
3 census does a disservice and vastly
4 underreports the growth, because the
5 self-reporting just isn't what it is because of

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6 problems in the census. It's not been the most
7 progressive and inclusive bureau of the U.S.
8 Government. It is getting better, but it is
9 problematic.

10 MR. CHAIRMAN: So, Shane, in terms of your
11 number, your calculations and study has been
12 based on the exclusion of certain factors that
13 we just mentioned here.

14 MR. McMURRAY: Sure.

15 MR. CHAIRMAN: One, that, New Jersey does
16 allow out-of-state residents to marry; and,
17 two, there might be underreporting in the
18 census figures of LGBT people generally.

19 So, assuming array of those two very large
20 parameters --

21 MR. McMURRAY: Sure.

22 MR. CHAIRMAN: -- it seems like your
23 numbers probably are on the most conservative
24 of --

25 MR. McMURRAY: That would be -- yeah.

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1 That's correct. Yeah.

2 MR. CHAIRMAN: So, why don't you continue
3 on. Based on those very conservative
4 estimates, what place -- how does it play out
5 in your study?

6 MR. McMURRAY: Okay. So, in the first
7 year, taking out those parameters, I believe in
8 the first year you'll probably see about
9 \$238 million in revenue generated statewide;
10 73 million the second year; 54 the third year;
11 33 by the fourth year.

12 So, overall for those 4 years, I think
13 around \$400 million. This is a very
14 conservative estimate considering those two
15 factors we just talked about.

16 MR. CHAIRMAN: It may be to early, Shane,
17 but I assume your company is carefully watching
18 what is happening in California?

19 MR. McMURRAY: You bet.

20 MR. CHAIRMAN: Can you share a little bit
21 of insight into what you've seen there that
22 might be helpful for us? Are people from
23 outside of California, that you're able to
24 track, planning on going to California just and
25 only because they can marry there, they can't

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1 marry in their own state?

2 MR. McMURRAY: I don't have a specific
3 numbers. There is a study that was done by
4 UCLA, I haven't actually had a chance to look
5 at it. They estimate about 680 billion -- or

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6 million over three years.

7 MR. CHAIRMAN: And we are going to hear
8 from the author of that in about five minutes,
9 because he is here right now.

10 MR. McMURRAY: Great. Those guys probably
11 have more of an idea of what they feel people
12 coming into that market have watching some of
13 the stuff going on.

14 I read a couple of articles that, you
15 know, some of the couples are waiting. The
16 vendors aren't getting slammed as they thought
17 they would. Couples are waiting, I think,
18 probably because they put on the ballot for
19 November that they are going to try to vote on
20 it again.

21 MR. CHAIRMAN: Right.

22 MR. McMURRAY: So, that may have some play
23 into how they feel about whether or not they
24 want to go forward with it and validate it.

25 MR. CHAIRMAN: In terms of things that may

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1 not have, you know, raw numbers attached to
2 them, from your organization and from what you
3 probably see in your industry with trade
4 journals and Web sites or those in the wedding
5 business, are you seeing, now, an increase in
6 GBLT wedding services or, you know -- tell me
7 about that a little bit; is there a market
8 specifically -- is this a new market for you
9 guys?

10 MR. McMURRAY: Yeah. I believe there is a
11 market, not just because states are making it
12 legal, but couples, I believe, want to have
13 commitment ceremonies and things like that.

14 So, there has been a lot of -- I noticed
15 there has been a lot of Web sites come up there
16 promoting those type services.

17 Rainbow Wedding Network is one of them.
18 They are planning a bunch of big events in
19 California specifically for gay couples.

20 And I noticed that a lot of other
21 businesses are also providing services around
22 those things for commitment ceremony, things
23 like that. They are planning products and
24 services that, kind of, cater to those events
25 versus so forth.

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1 So, yes.

2 MR. CHAIRMAN: Okay. Thank you.

3 Any questions from any Commission Member
4 before we go on with others?

5 REVEREND BLUSTEIN-ORTMAN: I am trying to

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6 figure something out. An economic dynamic, and
7 I am not an economist, I am a minister.

8 And based on the criteria as you made it
9 out, you were making an estimate based on, for
10 the most part, residents of New Jersey who
11 would be getting married --

12 MR. McMURRAY: Correct.

13 REVEREND BLUSTEIN-ORTMAN: -- and, so,
14 there is some kind of an economic dynamic, and
15 I don't know how important it is, but we are
16 talking about those millions of dollars that
17 you listed as being generated from citizens of
18 the state. And then we were also talking about
19 money that would come in from citizens of other
20 states, that would be other money. And I just
21 don't know how those monies are the same or
22 different.

23 MR. GOLDSTEIN: The next witness will talk
24 much more in the field, if we can get to that.

25 MR. CHAIRMAN: Yeah. We will actually be

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1 getting testimony from UCLA on that study.
2 Also, from the New York City's Controller's
3 Office. Their study, specifically, addresses
4 in and out-of-state financial impact, you know,
5 from New Jersey that would go to New York City
6 to have marriages if it was legal there, and
7 the money that New Jersey would lose because it
8 would be going into Manhattan, for example.
9 That is something that they will address as
10 well.

11 Any other questions for Shane?

12 (Whereupon, there was no
13 response.)

14 MR. CHAIRMAN: Thank you so much for
15 taking the time to call in, Shane. We very
16 much appreciate it.

17 MR. McMURRAY: Fine. Thank you.

18 MR. CHAIRMAN: All right. We are going to
19 move right along and invite up here from the
20 Williams Institute at UCLA Law School, Brad
21 Sears, who is the executive director. And
22 after Mr. Sears's testimony, we will take a
23 short break, okay?

24 In your -- to the Commission Members, in
25 your packet on yellow is the 2006 study that

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1 the Williams Institute prepared.

2 This is, you know, a little bit dated, but
3 since then, they have issued a number of
4 reports. Most recently, just a few weeks ago,
5 one on California.

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6 So, welcome and introduce yourself and
7 share what you have.

8 MR. SEARS: Thank you for having me. I am
9 Brad Sears, Executive Director of the Williams
10 Institute at the UCLA School of Law.

11 And we are the only research center in the
12 country, at an academic institution, that
13 focuses on sexual orientation law and policy
14 issues.

15 This is actually the third time that I
16 have come to New Jersey to talk about the
17 economic impact.

18 Legislation that assimilates an obligation
19 of marriage to same-sex couple similar to the
20 one in Bergen, by the year 2003, they have come
21 -- there was actually, at that point, there was
22 questions of what, you know, was California
23 coming out?

24 But I think today, dealing with California
25 is perfect, because we have the most to lose

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1 from you all moving forward.

2 So, you can accept my assumptions that I
3 make accordingly, but we just issued this
4 report, so I really didn't have time to take
5 into account that there will be a split in
6 tourism dollars between the two states.

7 I came back in 2006, and we did another
8 analysis, which was published in the records on
9 general policy. And looking at the Civil Union
10 Statute and what more can be gained from
11 marriage. And then I am here today to, kind
12 of, update that 2006 analysis.

13 I have three main messages, I guess, in my
14 testimony, which I will just give you the
15 conclusions up front.

16 The first is, that by having civil unions
17 and not using the word marriage, what the state
18 has really done was, taken on all of the costs
19 of the rights and benefits of marriage to
20 same-sex couples without giving us any of the
21 -- without giving the main benefit, which is
22 in-state weddings and spending by out-of-state
23 couples on tourism and weddings here.

24 So, by leaving marriage on the table, you
25 have also left the main economic positive

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1 impact, which we have pointed out in the 2006
2 report.

3 The second thing is that the main impact,
4 and I am going to talk about today, was the
5 same main impact in New Jersey is that in state

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and out-of-state spending.

My conclusions are -- I'll say my overall conclusion, which is this, that I think the impact of New Jersey over the next three years will be in excess of half a billion dollars.

What I am going to present today, what we have the most solid data on, which is direct spending just by couples in the state.

So, I just want to preference that, and that is going to be a quarter of a billion dollars, by \$248 million.

What I am leaving out is spending by friend and family, which we have updates on, and is called the, Multiplier Effect for Tourism Spending, which means, every dollar in the state could generate another \$2.3 in spending.

So, I am going to be talking about a quarter of a billion dollars, but it is just that direct spending by couples on tourism upon

their wedding.

That direct spending alone, though, will generate \$19 million in revenue for state and local government here in New Jersey. And we believe it will create and sustain about 800 jobs. If you just do a half a billion, you double that; if you want to go to three quarters, you will triple it.

So, that is the main impact, and that is what I am going to spend most of my time talking about.

And the third thing, which is hard to compete with, is that that impact is diminishing quickly. It is going to diminish quickly between now and November. And I believe there will be a second wave if the ballot is defeated in California, will diminish it again.

So, this year it is very important, and we will change the impact that I am talking about. And we will address the various things that can happen, over all, that will do that, at the end.

So, the first thing that I just want to hit on briefly is, the fact that the Civil

Union Bill took on all the costs, left the benefits on the table. The major costs that we pointed out in the 2006 report were, extending employment benefits to state employees, which is a cost no matter how many people sign up.

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6 And a lot are inheritance tax, revenues
7 would be lost through the spousal benefits.
8 There would be some gains from public
9 assistance. We don't have any data on whether
10 those gains have been realized. It just
11 depends if you take civil union couples into
12 account like, married couples on the census
13 program, you gain in their income and some
14 people become less eligible. That was a
15 significant saving if that has been done.

16 And the income tax revenues, what we found
17 in New Jersey, some couples would benefit from
18 the filing jointly as spouses, some would
19 decrease and some would stay the same with less
20 than a slight increase.

21 But the big positive impact was the sales
22 tax revenues on wedding and tourism spending.
23 And so the net impact, we predicted, was a
24 positive \$48 million that the benefit incomes
25 worked out. Without the sales tax revenue, it

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1 is a negative \$3 million to \$1 million. So,
2 you are really taking costs that have not been
3 in the state.

4 MR. CHAIRMAN: Can you, please, go through
5 that again, the sales tax revenue?

6 MR. SEARS: The sales tax revenues for the
7 spending on in-state weddings and tourism of
8 weddings by out-of-state couples was
9 \$7.2 million. That is going to be the largest
10 impact for your state. We have done that for
11 about 12 states, and in New Jersey, that was
12 the most significant impact.

13 So, the net effect of public assistance,
14 income tax revenue, cost of employment
15 benefits, laws of inheritance tax revenues and
16 the sales tax was between a positive 4 and \$8
17 million. You take away the sales tax revenue,
18 it is a negative three to one.

19 MS. SIPERSTEIN: Did you factor in New
20 Jersey's current sales tax revenue?

21 MR. SEARS: Yeah. Yeah. For sales tax,
22 and I will show you how we did these statewide.

23 REVEREND BLUSTEIN-ORTMAN: And did you
24 factor in the sales tax of the 800 employees?

25 MR. SEARS: The --

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1 REVEREND BLUSTEIN-ORTMAN: The 800 new
2 jobs?

3 MR. SEARS: Yeah. That is all the
4 secondary effects.

5 So, when I get up to the part I will say,

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6 it is just sales tax, transient occupancies and
7 marriage license fees. That is all the money
8 that I'm talking about generated by revenues.

9 You know, people are going to buy alcohol.
10 There is an alcohol tax here; there is a motor
11 vehicle tax; there is earning fees, earning tax
12 and property taxes. It is a bigger impact.

13 Secondly, without calling it -- so you,
14 kind of, took on the cost, and without calling
15 it marriage, you see fewer people are signing
16 up for it.

17 And, so, this whole analysis is, the more
18 people, the more money that you get. And we've
19 seen just -- I think that we got conclusive
20 evidence in New Jersey and other states, a lack
21 of interest in forms that are not called
22 marriage.

23 So, in the first year, Massachusetts --
24 the actual figures is about 33 percent of the
25 couples in the state and, again, these are the

0057

1 census, got married. Here, in New Jersey,
2 about 11 percent, using the same analysis for
3 civil unions.

4 If we look at all the states for civil
5 unions, the average is 9 percent getting
6 registered in the first year, compared to
7 33 percent marriage. The same is true for
8 domestic partnership.

9 What I was amazed and what I just learned,
10 in year 2, it looked like that has fallen to,
11 you know, if you take that 396 figure for year
12 2 here, and take it out over the year, you get
13 to about 4 or 5 percent compared to about 12 or
14 13 percent of that, which is a big drop off.

15 So, less people registering, less impact,
16 but it gets even worse, because what we think,
17 and I have the most theory and the least
18 evidence to back this point up.

19 I will say that, what looks like is going
20 on is, people are cherry picking economically
21 with domestic partners and civil unions, which
22 means people -- less people are signing up.

23 So, who's signing up and who's not? The
24 people that are probably signing up are those
25 who can point to a direct economic benefit.

0058

1 And if that benefit needs to be the state,
2 there are benefits and costs to the state, then
3 people holding back are those who might have to
4 pay more taxes on their income tax, that group.
5 You are probably getting all the people signing

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6 up now who are getting public employee benefits
7 from the state government.

8 So, you are getting the cost of signing
9 up, and what we know from marriage, looking at
10 the impact of marriage on the welfare program,
11 people don't get married for economic reasons
12 like that, they get married for emotional
13 reasons, because they are in love. Because of
14 the sanctity and public recognition of the
15 relationship.

16 So, there is economic considerations that
17 are not primary.

18 So -- and one thing that I think is
19 interesting was just some information that we
20 just got. If you look at the male-to-female
21 ratio, 44 percent of the same-sex couple in the
22 state, according to the census, are females.
23 There are more male couples in the state than
24 females, but about two thirds of the people
25 entering the registered domestic partnership in

0059
1 the civil union, are female.

2 And what we see in Massachusetts is a
3 similar disparity, but it is a lot less. The
4 gap is about a third or less. So, for some
5 reason, the males are holding back.

6 Talking about average income for
7 lesbian/lesbian, gay male/gay male households,
8 the gay male articles are much higher.

9 So, I believe that for what it is worth,
10 but it is an interesting effect.

11 We've seen in the two or three databases
12 on sex, marriage versus civil unions and
13 domestic partnerships.

14 So, now I want to break down our updated
15 analysis on the impact on tourism. And we've
16 updated this in four ways from 2006.

17 First of all, we have a lot more
18 information in Massachusetts about what happens
19 within state couples. So I will be able to
20 rely on that for the New Jersey figures.

21 Secondly, we have to take in the fact that
22 California is now in place, so some of the
23 dollars, you know, are being spent there. And
24 California has one out of eight same-sex
25 couples that live there, so all those couples,

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1 basically, are going to probably get married
2 there.

3 And third, a positive impact is the fact
4 that the New York, you know, the governor and
5 other high officials in New York State

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6 government are saying, couples can go elsewhere
7 and marry.

8 This is a huge advantage for New Jersey.
9 I think the biggest advantage for out-of-state
10 tourism, and I'll focus on what a large
11 percentage of our estimate we take from New
12 York couples. I also have updated information
13 on tourism data in New Jersey.

14 So, I gave you the overall figures and the
15 direct spending of about a quarter of a
16 billion, a 19 million in tax revenues from the
17 800 new jobs.

18 Here's how we got it. We first --

19 MS. O'LEARY: Before you go any farther.
20 Is this updated information being provided
21 verbally, but hasn't been put together in a
22 formal sense?

23 MR. SEARS: We've put it together in a
24 formal sense, I would have liked to have it
25 today, be we were traveling the last few days.

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1 MS. O'LEARY: Oh, so, I don't have to
2 write it?

3 MR. SEARS: Yeah. I will send to you and
4 you will get it tomorrow.

5 MS. O'LEARY: Okay. Thank you.

6 MR. SEARS: I would have loved to have it
7 today, but I didn't print it out.

8 So, New Jersey, what is going to happen in
9 New Jersey? If we look at Massachusetts, which
10 I think the person on the Wedding Report was
11 saying basically about the same thing, that
12 50 percent of the couples will get married in
13 the next three years. So, that is up from what
14 is happening right now with the domestic
15 partnership and civil union numbers.

16 The number that we have right now for the
17 census is about 2200 couples, so we are seeing
18 about 10,500 marrying over three years in New
19 Jersey. That is actually only about 20 percent
20 of the couples living here will marry here.

21 We think the out-of-state effect is going
22 to be greater, because you are surrounded by
23 couples with a much larger population. So,
24 they have a lot of couples to spend money.

25 So, if we divide the rest of the country

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1 up into four groups, the state with the most
2 advantage, the couple that have the most
3 advantage to come here and marry, the top of
4 the list is New York, and also is the state
5 with the most population, which is great for

6 you all.

7 We actually think that you will beat out
8 California in that race. People will come here
9 as opposed to flying across the country.

10 We take out a small percentage of couples
11 who have already been married in Canada. We
12 think about two or three percent of New York
13 couples have already gone to Canada, from the
14 best data that we have from Canada, which is
15 somewhat limited. And that -- 10 percent will
16 also go to California still, but about
17 46 percent of the couples will want to get
18 married, and for some reason, they are all not
19 going to Canada. There is something going on
20 there. We figure that about 22,400 couples
21 will come here. That is the biggest group of
22 out-of-state couples.

23 The next set of data is the little
24 advantage to come here. And they added into
25 that group is New Mexico, which also seems like

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1 same-sex relationships might be recognized. We
2 think that will be split between California and
3 here. So, we really take that into about
4 25 percent of those couples. It is a small
5 state, but it adds about 1000 couples to the
6 analysis. For the purposes of an analysis, we
7 are zeroing it out.

8 Then we look at your big tourism states,
9 Pennsylvania, Virginia, Maryland, New Hampshire
10 and Delaware, and assume that even though they
11 may not have legal relationships recognized
12 back home, about a quarter of those couples
13 will come here as well and you will have an
14 advantage over California also, that is about
15 7600 couples.

16 And finally we look at the rest of the
17 country. Here's where California comes into
18 play. We assume it will look like this in U.S.
19 domestic tourism between the two states, which
20 means, kind of a four to one for California.
21 Those couples also have the least to gain if
22 they have to travel further than everyone else.

23 It talks about -- and it is not like they
24 have a relationship where we recognize fairly
25 soon back in their home state.

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1 So, it will be about one percent of the
2 couples end up here, and maybe 4 percent from
3 California. That only adds another 4000
4 couples. The total number of couples is
5 55,640.

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6 So, obviously, New Jersey couples are just
7 one piece of that. And two thirds of those
8 couples, they are from New Jersey, New York and
9 Pennsylvania.

10 So, to show you how solid it is, I think
11 that is a really good assumption that most of
12 your couples will come from those states.

13 So, how much will they spend? Here is
14 where I am going to depart from The Wedding
15 Report. And our goal, here, initially and
16 continues to be, if you look at the impact from
17 the state budget.

18 So, I am looking at new spending that will
19 generate new taxes, not diverted spending that
20 would have been spent otherwise by these
21 couples.

22 So, I am going to start with, The Wedding
23 Report's average for weddings in the next three
24 years in New Jersey, average about \$36,000. I
25 am going to cut that in half, to take into

0065

1 account that some couples have already had
2 ceremonies. Just the same-sex couples, some
3 may not want to have a big as ceremony; some
4 same-sex couples may not have the same
5 resources in terms of family money to spend.
6 We don't know how many is going to -- fathers
7 of the brides, the parents of the husband, the
8 parents of the brides are going to kick in. It
9 might be less. In the gay and lesbian
10 community, there is discrimination.

11 So, we are taking it down to half, and,
12 again, we like to be conservative in these
13 things. We are cutting it down in half again,
14 just from savings or credit cards, not diverted
15 spending from other sources, which you already
16 get.

17 So, very conservative assumption, you only
18 lose \$96 million from out-of-state couples over
19 three years.

20 The out-of-state couples, we took the
21 average tourism from New Jersey, which was
22 people come here for 3 days, they spend \$115 a
23 day, and came up with a remarkable figure of
24 \$700 being spend on tourism by a couple. That
25 seems very conservative.

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1 We took the U.S. average for weddings, we
2 are going to cut that down to 10 percent of
3 that. And the reason why we do that is that,
4 some of the couples will come here and have a
5 big wedding here in New Jersey. Some of the

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6 couples in New York may come here for a day;
7 some of the couples from Pennsylvania may come
8 here for one or two days. They may have some
9 -- I am sure that they are going to spend more
10 than that, so that is why we add on the 10
11 percent. But they may have their big party
12 back home.

13 So, we just take out-of-state couples who
14 are going to split it. We don't know how we
15 choose 10 percent -- you can plug that in.

16 We actually don't have any tourism dollars
17 from New York, we assume they will drive across
18 the river and go back and spend some money
19 here. Some may, some may not.

20 So, for the tourism for the rest of the
21 country besides New York, we put all that
22 together, with the New Jersey spending, about
23 \$248 million total. 66 million of that comes
24 just from New York.

25 MS. O'LEARY: That is not tourism dollars,

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1 it is dollars for --

2 MR. SEARS: Celebration.

3 MS. O'LEARY: -- celebration.

4 MR. SEARS: Whatever they are going to do
5 here.

6 And, again, somebody pointed it out
7 earlier, some of it is a marketing. Convincing
8 people that, you know, why --

9 MR. GOLDSTEIN: I have a question. Just
10 supposing your helpful research, we heard from
11 somebody else, the woman, I guess it was, from
12 Toronto that spoke.

13 It is interesting. Philadelphia has a very
14 aggressive LGBT campaign and it's, from what I
15 understand, it is doing wonders to attract LGBT
16 people. I think their slogan is, keep your
17 history straight and your night life gay.

18 Ironically, Pennsylvania has the most LGBT
19 laws in the northeast, in the north extension
20 unequivocally.

21 So, do you think that, you know, this is
22 not a state that looks to spend money, God
23 knows these days, but would the number that you
24 talk about be increased substantially if even a
25 little pot of money was spent on marketing from

0068

1 the state?

2
3 MR. SEARS: Yeah. I think -- I think that
4 you are going to want to just market it and let
5 it be known someone would be dividing the

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6 country and, you know, just why people should
7 come here.

8 And I also think that -- I mean, if we
9 look at New York couples and you don't want the
10 New York couples to go back to New York, that
11 is the state that has moved forward first, and,
12 also, the marriage should be part of the
13 tourism campaign. You should come here and
14 spend your money here, because you are the ones
15 that did it.

16 So, I think that message should be
17 conveyed somehow. You know, they should pay
18 back.

19 MS. SIPERSTEIN: Brad, especially --
20 segway into what Steven had mentioned.
21 Especially Philadelphia and the proximity to
22 Atlantic City, and Atlantic City certainly
23 being a great vacation destination, especially
24 for the people in Philadelphia market.

25 Building on, for example, we know Las
0069 1 Vegas is the marriage capital with the casinos.
2 The potential there, Atlantic City and its
3 casinos and its mega hotels and facilities,
4 have you --

5 MR. SEARS: I know less about tourism
6 outside of Atlantic City, but what I do know,
7 California with West Hollywood and San
8 Francisco.

9 Timely into the picture here, you could
10 use the marketing in this industry, and the gay
11 community is the place to go to get that
12 message out there.

13 MR. CHAIRMAN: So, in terms of the figure
14 that you gave us, the 248 --

15 MR. SEARS: Yes.

16 MR. CHAIRMAN: -- over the three years --

17 MR. SEARS: Yes.

18 MR. CHAIRMAN: That, again, is the new
19 spending --

20 MR. SEARS: By the couples, yeah.

21 MR. CHAIRMAN: -- for the celebration by
22 the couples; so this does not take into account
23 spending for those -- buying gifts in the
24 state?

25 MR. SEARS: Yeah.

0070 1 MR. CHAIRMAN: Or deciding to -- residence
2 of the state and pay taxes and all that stuff?

3 MR. SEARS: You know, even with or without
4 a marketing figure, if they bring 6 friends
5 with them or, you know, 10 friends with them,

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6 that is not in there.

7 So, that is why I am saying I feel
8 comfortable saying a half billion dollars. The
9 total impact of friends, family is the
10 multiplier factor.

11 MS. O'LEARY: Can I ask you a question
12 about it, because, to me, the differential is
13 an important one.

14 I live in Lambertville, New Jersey. This
15 is on the border of New Hope and Lambertville.
16 I can literally walk into Pennsylvania right
17 now.

18 And, you know, I think that part of what
19 Steven just mentioned in terms of, what,
20 Philadelphia being attractive, what about the
21 possibility of people getting married in New
22 Jersey and blowing over these things for the
23 reception?

24 I went to Pennsylvania for my reception.
25 And that is where it was a place to go.

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1 So, I just worry a little bit about the
2 assumption that, New Jersey is such a
3 metropolitan area, it would not prove New York
4 people coming here and literally getting
5 married and then going back to the City.

6 MR. SEARS: That is why I went to 10
7 percent. 90 percent -- no. Only 10 percent of
8 the wedding cost can be added, which is
9 conservative.

10 MS. O'LEARY: Okay.

11 MR. SEARS: Yeah. So, if you do the
12 marketing campaign.

13 MR. GOLDSTEIN: Lambertville and New Hope
14 is an interesting place from a gay perspective.
15 No.

16 You know, I have so many friends in both
17 towns. And, so, I have so many friends,
18 same-sex couples in New Hope, and they live in
19 New Hope. And they say, why would you live --
20 Lambertville is just as nice --

21 MS. O'LEARY: Property tax.

22 MR. GOLDSTEIN: Property taxes, exactly.

23 I said, so, why would you live two steps
24 away in a state -- Pennsylvania is the worse in
25 this region for LGBT. It is horrible. There

0072

1 is no anti-discrimination law. The property
2 taxes.

3 And I say, would marriage make a
4 difference; it would make a difference. Civil
5 unions is not turning them on.

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6 So, to them, they made a very populated
7 decision.

8 MS. O'LEARY: They don't have to move for
9 that presumably, unless -- they don't have to
10 go to Massachusetts. So, they don't have to
11 move for that. They can get married.

12 MR. GOLDSTEIN: But interestingly, a lot
13 said they would actually move, just to be
14 recognized, they would move from New Hope to
15 Lambertville, which is a bridge walk away.

16 MS. O'LEARY: Literally.

17 MR. GOLDSTEIN: Literally.

18 And I'm just fascinated, by -- civil
19 unions is not enough to --

20 MS. O'LEARY: They'll move back.

21 MR. GOLDSTEIN: Brad, in terms -- you said
22 about 55,600 total couples of that time period
23 would have marriages in New Jersey; how many of
24 those would be non-New Jersey residents?

25 MR. SEARS: 45.

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1 MR. GOLDSTEIN: So, 45,000?

2 MR. SEARS: Yeah.

3 MR. GOLDSTEIN: So, the big chunk of that
4 is non-New Jersey residents?

5 MR. SEARS: And 22,000 of that group is
6 New York.

7 Can I just finish up and then we will talk
8 about what is going to happen.

9 This is all based if New Jersey got
10 marriages today.

11 MR. GOLDSTEIN: It does have marriage
12 today.

13 MR. SEARS: If we applied the tax rate to
14 the spending and we get about \$17.3 million.
15 Just looking at the sales tax is seven percent,
16 we used the weighted average for the transient
17 occupancy, and we used 4.7 percent. We then
18 looked at marriage license fees, \$28 for the
19 New Jersey marriage license fee. From all of
20 those couples marrying, that will generate
21 about \$1.6 million.

22 The best that I can tell from quickly
23 looking at your statutes, the real winner there
24 is New Jersey Domestic Violence Prevention
25 Program, which gets \$25 out of that.

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1 MS. O'LEARY: Yep. Comes to my agency.

2 MR. SEARS: They will get a nice fee very
3 directly.

4 So, that is based on today. We are
5 thinking in terms of New Jersey and California

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6 moving forward as the only two states starting
7 now.

8 REVEREND BLUSTEIN-ORTMAN: And very
9 conservative.

10 MR. SEARS: And very conservative.

11 So, what do I think will happen if other
12 things in the world happen? Well, here is what
13 I think is going to happen in California. I
14 think there is going to be a wave between now
15 and November and the ballot, for more couples
16 than not will be in a hurry to get married.

17 For example, New York couples who marry
18 there will probably have an absolutely strong
19 case if their marriage continues to be
20 recognized no matter what happens in
21 California, because they are valid and
22 recognized. California couples, I think they
23 will still be recognized.

24 And I think there is going to be a second
25 wave with all these people that did hold back,

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1 and there is going to be renewed excitement and
2 you are going to see a big second wave,
3 particular of out-of-state couples.

4 So, I think there is a lot to lose between
5 now and then. Who will you lose? I think the
6 New York couples who have been told they can go
7 there and get married, and for some reason,
8 going to Canada just isn't a thing for them.

9 So, I think 12,000 couples from New York
10 over the next three years. Half of this you
11 will lose. Over half, if you had it.

12 I think that you will lose New Jersey
13 couples. And I heard this from GLAAD, which is
14 a legal organization making recognition to New
15 Hampshire to go to California, get married and
16 come back and the staff people will say that
17 you have a civil union and you will also have
18 recognition in other jurisdictions if you ever
19 get married.

20 I believe that New Jersey has the same
21 provisions. So, you could actually say, if I
22 go marry in California, I'm married there, I
23 come back here and it is a civil union and
24 anyone else that will recognize -- I'm married
25 in New Mexico, I'm married in New York, I'm

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1 married in Massachusetts.

2 It is not as clear where civil unions
3 would recognize in other states. So, I think
4 you will lose some New Jersey couples and,
5 also, because the word does matter to couples,

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6 which they may take California up on that.

7 Well, the ones that will go will be the
8 ones that can afford it. That average comes
9 from people who have, you know -- from all
10 different walks of life, with all different
11 incomes who do have \$36,000 a year to spend.

12 The ones that you will lose will be the
13 ones that can travel and spend the most money.
14 So, I think that would be lost.

15 The other things to take into account is,
16 I think Massachusetts and Connecticut, you do
17 have that east coast advantage, and that could
18 be lost in the next 12 months if Massachusetts
19 could do away with that 1913 law. And that can
20 really change things.

21 Even with just, kind of, the -- California
22 going forward and New Jersey not, I think that,
23 maybe, 20 percent of the money from the
24 out-of-state would be lost. 20 to 25 percent
25 in the first year. So, you will lose less

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1 out-of-state people.

2 So, I think that the biggest lost is with
3 the New York couples, because they have been
4 told that they can go there, and a little bit
5 with the rest of the country as well.

6 MR. CHAIRMAN: Thank you.

7 MR. SEARS: I will have all that in
8 writing tomorrow.

9 MR. CHAIRMAN: Commissioners?

10 MS. O'LEARY: Just wanted to say that was
11 really interesting and helpful. It is putting
12 the facts, that kind of numbers and kind of,
13 you know, realistic findings. It is very
14 helpful.

15 I need you to give me, one more time so
16 that I understand it, the way that you built in
17 the time for the fact that we are so close to
18 all these groups, the differential tourisms,
19 the dollars that you said, as well as the
20 dollars for the actual ceremony and then the
21 celebration; is that connected to the tourist
22 dollars, and if not, how do you factor into
23 them?

24 MR. SEARS: Okay. So, let's start with
25 the tourism.

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1 MS. O'LEARY: Okay.

2 MR. SEARS: We just took New York and,
3 obviously, people live farther away than New
4 York, a lot live closer. So we took New York
5 as a model.

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6 MS. O'LEARY: Tourism, that is overnight?

7 MR. SEARS: Yeah. They will drive back,
8 but some of them will celebrate here. And some
9 of them will get married and some of them will
10 bring their family and do it all here.

11 So, we count 10 percent of what the
12 average straight couple would spend --
13 different-sex couple would spend on a wedding
14 and we used a national figure for all of the
15 out-of-state people. You all spend more in New
16 Jersey than other folks. That is about \$2900
17 per couple as opposed to the 29,000.

18 So, we've assumed that they will come here
19 and spend a little bit, but go back, on
20 average, and spend the most at home.

21 MS. O'LEARY: I got you.

22 MR. SEARS: For the rest of the country,
23 we do assume they will travel a little bit
24 farther. So we just take in the average length
25 of stay for tourism in New Jersey and spending

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1 per day, which is \$115 per day. The average is
2 pretty low. You figure they spend that, which
3 is \$699 per couple. And then we also give them
4 10 percent of the average, spending on the
5 wedding. They are going to do something nicer
6 here, probably, than the average tourism and
7 may have a celebration as well. And some of
8 these couples will be coming home.

9 MR. GOLDSTEIN: When they marry here, we
10 are not letting them out.

11 MR. SEARS: And I think marketing, I
12 really think the message, you know, have it
13 here, because we let you have it here, will be
14 very powerful.

15 MR. GOLDSTEIN: It is interesting. My
16 organization is network or real estate
17 developers, but should the day come when there
18 is marriage quality here, we will really,
19 really work, and we will have tours and buses
20 from -- who really want to sell New Jersey.

21 As I said, there is not -- just going into
22 Manhattan, again, the word civil union --
23 people from New York are very emotionally
24 attached to Manhattan. My God, I am not
25 leaving my \$17 million, 20-square-foot

0080

1 apartment with a bicycle in it taking up half
2 the living room. God forbid I should want to
3 leave that.

4 But the word marriage would make a
5 difference. And I think the longer New Jersey

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6 would benefit is, the state already has gotten
7 the LGBT community and they have an incredible
8 progressive reputation.

9 We are already seeing an influx already.
10 I think if we look back over the march over the
11 past three years, five years from DP to civil
12 union.

13 So, I think the reputation among New
14 Jersey is really changing, not just among gay
15 people, but among straight people around the
16 country.

17 Like, we are not the state of the Sopranos
18 and the New Jersey Turnpike, which is
19 tragically the images that people unfairly have
20 of this state that are changing LGBT laws.

21 When I speak to straight people, they are
22 shocked, who are actually not from New Jersey
23 say, New Jersey is so liberal? It is clicking
24 more.

25 I don't know what your experiences are,

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1 whether people realize more that New Jersey is
2 to progressive.

3 MR. CHAIRMAN: What I find fascinating
4 with your testimony, Brad, today, as we speak
5 right now, at the Statehouse a few blocks down,
6 the legislator is taking testimony on the
7 possible budget deal for the state budget for
8 the next fiscal year, which begins in two
9 weeks.

10 And there are people coming there from the
11 public to beg and plead for an extra \$50,000
12 for a grant for a local museum or a library and
13 all this.

14 We are talking a half a billion dollars
15 over three years with extremely conservative
16 figures. I mean, they should, either, be here
17 or you should be over there at the Statehouse
18 to show them where the real numbers are?

19 MR. SEARS: You should get the domestic
20 violence comment out.

21 MR. CHAIRMAN: What the legislators need
22 to hear, and the legislators that can decide
23 whether or not the state deserves to have an
24 extra billion dollars over three years, or
25 whether the state should just hold back and

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1 say, no; we have enough money, we don't need an
2 extra half billion dollars.

3 I mean, it is a shame that they are not
4 here listening to this, at this climate.

5 MR. SEARS: And we met twice in the last

Civil Union Review Commission Hearing
6 three weeks with Governor Schwarzenegger's
7 people and were very fascinated by this
8 information.

9 The impact -- they didn't know how
10 relevant the impact -- just considering
11 California alone, that was about three weeks
12 ago, that impact was about 684 million, when
13 you compare that to the 248 here.

14 REVEREND BLUSTEIN-ORTMAN: So, is he going
15 to campaign against the referendum?

16 MR. SEARS: He had already made the
17 statement.

18 And in terms of people moving, I can just
19 say, personally, I have had three people very
20 directly related to our organization, which is
21 about 20 people involved in the staff and the
22 board, move to Massachusetts, even though they
23 have domestic partnership. And California has
24 lost a law professor, a doctor and a husband.

25 So, we are seeing a drain. We have had a

0083

1 change at the Williams Institute.

2 MR. GOLDSTEIN: There has been news
3 reports in recent months that, there is some
4 interest by the governor in exploring the issue
5 of marriage after the November Election, I'll
6 put it right out on the table, it's been
7 reported by numerous sources, numerous reports.

8 MR. CHAIRMAN: It sounds what you are
9 saying today is, time is of the essence. That
10 the longer a decision maker waits to hold this
11 on how to bring in more revenue, the marriage
12 equality, there is lost opportunity cost there.
13 And that, right now, the time is of the
14 essence.

15 MR. SEARS: Yeah. Particularly with the
16 out-of-state couples and the California now,
17 being the first and only state.

18 Like I said, there is a wave in November,
19 and if defeated, there will be another wave. I
20 don't know when legislation will decide to
21 pass, but --

22 MR. CHAIRMAN: There is no legislation
23 right now.

24 MR. SEARS: You are talking about the bill
25 proposed?

0084

1 MR. GOLDSTEIN: Yeah. The marriage
2 proposal. Like, how long after --

3 MR. SEARS: 60 days after, and civil
4 unions, pre-existing, the bill that you all
5 have, that the legislation introduced last

Civil Union Review Commission Hearing
6 week, would automatically turn civil union
7 marriages 60 days after an enactment.

8 MR. GOLDSTEIN: I just find it fascinating
9 that there are many discussions about the
10 necessity for media attention for additional
11 revenue for the state every day. Here is one,
12 right here, but it's got to wait months. And
13 we should be asking the question, why should
14 civil rights wait one day, when, first of all,
15 human rights issue is secondarily is a fiscal
16 issue?

17 And the Commission is not done; we have a
18 lot more work to do. But your testimony to me
19 is so compelling today, I am not an economist,
20 that is not my world. Just hearing that, it is
21 very interesting. And we are going to go over
22 your report more closely once we get that.
23 It's very helpful.

24 MR. SEARS: Yeah. This pot is dwindling.
25 And if you look at the 2006 article, the

0085
1 numbers might be a little higher than those
2 spending as done out there. There is more
3 couples and all of that, but, yeah, it is
4 basically dropping on all of California. Over
5 100,000 same-sex couples in California, it is,
6 you know, a fairly high percentage. That is 20
7 percent same-sex couples in the country.

8 So, just drop out the potential income
9 here and other people going there, it has
10 already been a change, so...

11 Yeah. It is a big number, but it is going
12 down.

13 MR. CHAIRMAN: Barbara.

14 MS. ALLEN: I have a question. You
15 mentioned that if we see domestic partners are
16 to marry partners, but you also mentioned
17 people get married for economic reasons.

18 But I think -- I would like to ask you if
19 you have done any studies, any programs of
20 individuals who do receive public welfare
21 benefits? It certainly would be a
22 dis-sensitive to be married, and if you do
23 something with your partner, your amounts that
24 you get every month would go down.

25 I was wondering if you did research on the
0086
1 other side with the cost saving for the
2 government for poor families to not get
3 married, because they would lose the money?

4 MR. SEARS: There has been no study that I
5 know of. And there has been a number of

Civil Union Review Commission Hearing
6 studies dealing with different sex couples as
7 various parts of the welfare reform programs
8 have been teaming with, and trying to encourage
9 people to marry.

10 So, they try to give an incentive to
11 people.

12 MS. ALLEN: They would not get additional
13 monies if you had a third child. So, that is a
14 an incentive, to encourage people to engage in
15 family planning and not have more than two
16 children and, you know, for the third child.

17 So, this is a negative influence, not a
18 positive influence.

19 MR. SEARS: Those studies deal with a few
20 things. They also deal with just -- people, if
21 you got married, what the impact would benefit.
22 And it shows, like, a minor effect, like, a one
23 percent difference.

24 So, that is what I am relying on there,
25 that these studies of low income, different sex

0087

1 couples, the fact that you will lose money or
2 maybe --

3 MS. NEVAREZ: Do you have citations?

4 MR. SEARS: Yeah. In the 2006 report. I
5 don't know if you have that report, but I can
6 just send you that.

7 MS. NEVAREZ: We do.

8 MR. GOLDSTEIN: In your reports -- there
9 are journalists in the room, if you don't have
10 a copy of the 2006 report, we will help put
11 your current -- into perspective.

12 MR. CHAIRMAN: Yeah. That is the 2006.

13 MS. NEVAREZ: This includes the reference
14 to the public.

15 MR. SEARS: I will send you this. The one
16 that was published by Rutgers.

17 REVEREND BLUSTEIN-ORTMAN: Brad, did you
18 ever come up with a figure what the income tax
19 revenue would be for 8300 new employees?

20 MR. SEARS: We haven't done that.

21 And like I said, it is just the sales tax
22 transient and the marriage license. So, there
23 are other taxes.

24 MR. GOLDSTEIN: Just to reiterate. I had
25 spoken to you publicly. Legislators from the

0088

1 Jersey Shore approached us, particularly
2 interested in the impact of weddings,
3 particularly in Atlantic City area, Atlantic
4 City, the -- whatever the Atlantic City tourism
5 commission is there, is stepping up efforts to

Civil Union Review Commission Hearing
6 the LGBT community, and -- so, they're
7 interested in the effects on the wedding and
8 tourism business in Atlantic City. And because
9 New Jersey, like everywhere else, because all
10 economics, like politics, are local, we've
11 gotten a lot of requests for what's the
12 economic impact in my region; everyone is a
13 little self-interested. Like, I want to know
14 specifics from South Jersey; what is the
15 economic impact on my region? It is no
16 particular urgency.

17 MR. SEARS: Okay. Yeah. We can -- we
18 have some models.

19 MR. GOLDSTEIN: Thank you so much.

20 MR. SEARS: Same population, basically
21 where the tourism mainly lies, we can break up
22 that kind of stuff.

23 MR. CHAIRMAN: We will be taking testimony
24 a little later from the New Jersey Division of
25 Tourism.

0089

1 So, maybe some of these questions we can
2 ask them.

3 Are there any other questions for Brad?

4 (Whereupon, there was no
5 response.)

6 MR. CHAIRMAN: Thank you very much.

7 MR. SEARS: Thank you for everything.

8 MR. CHAIRMAN: All right. We are going to
9 take a break, and before that, what is up next
10 is, New York City Controller's Office. Their
11 report is in our packet. It is called, Budget
12 Notes, Love Counts, is the report.

13 It is 3:10, we will be back at 3:15.

14 (Whereupon, a brief recess was
15 taken.)

16 MR. CHAIRMAN: Okay. We are back on the
17 record and we have, in this order, Marcia Van
18 Wagner from the controller's office in New York
19 City; Mary WanderPolo; then Linda Schwimmer,
20 Commissioner from the building; and then Dan
21 Cappello from the Tourism Division at the
22 state.

23 All right, Marcia, welcome.

24 MS. VAN WAGNER: Thank you, Commissioner,
25 for inviting me here.

0090

1 I have formal testimony, but I am not
2 going to read it.

3 I am deputy controller of the budget in
4 New York and I am an economist by training.

5 We did a report about a year ago called,

Civil Union Review Commission Hearing
6 Love Counts: The Economic Benefits of Marriage
7 Equality for New York, and looks at the
8 economic impact of legalizing same-sex marriage
9 of New York City and New York State.

10 And I was very interested to hear the
11 previous address here because we rely a lot on
12 their research and recourse to prove our
13 methodology.

14 So, I think what we will say sounds pretty
15 familiar after you heard him give his
16 presentation.

17 So, we -- I will give you the, sort of,
18 headline numbers, and then we can talk about
19 how we got them.

20 We estimated that if the first three years
21 of legalizing same-sex marriage in New York
22 brought in \$247 million of additional economic
23 activity in the state, and about 175 million
24 additional economic activity in the City.

25 We estimated that some of that benefit

0091

1 would be offset by additional health insurance
2 cost for companies that don't already have
3 cover for health insurance for same-sex
4 couples.

5 Now, in New York State, I don't know what
6 the situation is in New Jersey, in New York
7 State and the State of New York, both cover the
8 part under existing health insurance benefits.

9 So, there would be no additional cost to
10 -- for those governments for legalizing
11 same-sex marriage. But in the private sector,
12 there would be some, like, the big firms in New
13 York City, which dominates the economy, tends
14 to already have domestic partner coverage and
15 the big -- the hospitals, the big non-profit
16 already tend to have that coverage, too.

17 So, the cost is on smaller businesses, by
18 and large, but the incidents would be very
19 sparse. So, not that many, you know -- most
20 companies would have no impact at all.

21 So, we estimated that any additional cost
22 over a three-year-period, statewide, would be
23 about \$63 million, and citywide would be about
24 \$11 million.

25 So, that offsets those, and that gives you

0092

1 a net economic benefit of \$184 million for the
2 state, and \$142 million for the city.

3 We also estimated --

4 MR. CHAIRMAN: I'm sorry, that is
5 separate, right? When you say the state, in

Civil Union Review Commission Hearing
6 addition to, that is everyone but New York
7 city?

8 REVEREND BLUSTEIN-ORTMAN: The city is
9 included?

10 MS. VAN WAGNER: The city is included in
11 the State; we wouldn't add it together.

12 MR. CHAIRMAN: All right.

13 MS. VAN WAGNER: All right. So, the
14 city's number is 79 percent of the state
15 revenue.

16 REVEREND BLUSTEIN-ORTMAN: Another 41,000
17 up state.

18 MS. VAN WAGNER: Right. Exactly.

19 Fiscal impact, we also estimated and, you
20 know, from a tax perspective, we estimated it
21 to be pretty negligible. We did estimate that
22 there would be some income tax to the --
23 especially to the state, of a couple million
24 dollars in additional income tax reduction.

25 Sales and hotel occupancy tax, we estimated it

0093

1 to be about \$5 million to the state, and offset
2 \$5 million to the city, because they kind of
3 split that tax.

4 The city, there would be some -- the city
5 would collect some marriage license fees, goes
6 to local government.

7 So, we can estimate what all the other
8 local governments outside of New York City
9 collect. Just the city, it was \$1.8 millions,
10 something like that.

11 So, the main fiscal impact that we
12 estimated taxes had to do with this issue of
13 couples losing eligibility for medicaid. And
14 that the state would save a lot of money, a
15 little over \$1 million in medicaid payments
16 because of the changes in household income
17 being counted.

18 And I will just anticipate any questions
19 that you have about that. We used the same
20 literature that Mr. Sears referred to earlier
21 except that, we are looking at different sex
22 couples, and how eligibility took the public
23 benefits if they were to marry.

24 And, again, the impact and literature are
25 terribly negligible. Nothing, but they are not

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1 very substantial. So, we kind of relied on
2 that.

3 And using the logic that, you know, the
4 same-sex couples very similar to different sex
5 couples in terms of their behavior. So we

Civil Union Review Commission Hearing
6 adopted that approach there.

7 So, for the state, the net fiscal impact
8 would be estimated about \$118 million. And
9 most of that being due to the medicaid offset,
10 and the city got \$7 million fiscal impact,
11 which primarily comes through the sales and
12 hotel occupancy tax.

13 So, those are the kinds of, you know, big
14 summary of the report.

15 And I can go through some of the
16 assumptions that we used to get there if you
17 would like me to walk through that.

18 We assumed that -- well, again, the
19 principle of this is, pretty much you get your
20 economic benefit from people coming out of
21 state and spending in the state that wouldn't
22 otherwise.

23 And -- so, you know, the cash register
24 response to hotel night and restaurants. That
25 is kind of where all the money comes from. It

0095
1 is basically a tourism analysis, what it comes
2 down to.

3 And it is complicated, because a lot of
4 people know how -- we have to make a lot of
5 assumptions that peoples behavior, from having
6 track records to go on. But we did use tourism
7 information, what the origin states were for
8 New York State and New York City tourism, to
9 try and engage what percentage of our -- of
10 same-sex couples that came to marry and where
11 they would be coming from.

12 We also --

13 MR. CHAIRMAN: So, that -- I'm sorry. So,
14 that's where you got your estimates for the
15 number of guests to New York State.

16 From New Jersey, your report indicates
17 about 24, almost 25,000 day trippers from -- or
18 individuals from New Jersey that would go to
19 New York State --

20 MS. VAN WAGNER: Right.

21 MR. CHAIRMAN: -- in order to have a
22 marriage --

23 MS. VAN WAGNER: Right.

24 MR. CHAIRMAN: So, you got that from your
25 typical tourism number, how New Jerseyians come

0096
1 in --

2 MS. VAN WAGNER: Right, basically. And we
3 used the census data to, kind of, identify
4 where the -- where the same-sex couple
5 population is; how it is distributed in all

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6 those different states. And then it comes in
7 percentages in terms of the share of tourists
8 and those numbers to come up with the numbers
9 that you see on that table.

10 MR. CHAIRMAN: All right. Okay.

11 MS. VAN WAGNER: And then we had to make a
12 lot of the assumptions that are, you know -- we
13 don't really know how valid they are, so we try
14 to be very conservative about our assumptions;
15 how much people are spending on weddings.

16 And we basically made the assumption that
17 they are not spending a lot on wedding parties,
18 on average, for a variety of reasons.

19 People will be traveling from afar, the
20 city is expensive, maybe you have 30 wedding
21 guests, something like that, they go out to a
22 restaurant and have a nice dinner, but not a,
23 you know, huge party on average.

24 And, you know, we are trying to average
25 together the people that are going to have

0097

1 blow-out wedding and various people go out to
2 City Hall and go out to lunch or they have a
3 reception. We really tried to take a very
4 conservative approach.

5 So, I think the per-wedding spending that
6 we were using, somewhere in, like, 3 to \$7000
7 range.

8 And, obviously, if it turns out that
9 people spend a lot more than that, the economic
10 impact would be much greater.

11 We also tried to be very conservative in
12 our assumptions about resident New Yorkers
13 having an economic impact.

14 That is -- I know, like, the Williams
15 Institute has assumed that residents will take
16 money out of the savings that, otherwise, they
17 wouldn't spend that in addition to their
18 out-of-state guests that would come.

19 We didn't assume any kind of benefits from
20 savings. We assumed that all that money would
21 have been spent on the employee intentionally.

22 So, the economic impact from the weddings
23 and residents were tripled purely from their
24 guests coming in and staying in hotels and
25 eating at restaurants and so forth.

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1 So, that was really where the economic
2 benefits came from.

3 We factored, New York State is a 24-hour
4 period between when you get your license and
5 you can get married. So, that also factors our

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6 numbers.

7 People come in at least a day in advance
8 to get married. It is not like Las Vegas. And
9 I don't know what New Jersey is.

10 REVEREND BLUSTEIN-ORTMAN: 72 hours.

11 MS. VAN WAGNER: 72 hours. Oh, that is
12 better.

13 REVEREND BLUSTEIN-ORTMAN: Maybe for the
14 weekend.

15 MS. VAN WAGNER: Yeah. A long weekend.

16 REVEREND BLUSTEIN-ORTMAN: Make sure that
17 you really want to do it.

18 MS. VAN WAGNER: They come in on Thursday
19 to get married on Saturday; their guests come
20 in on Friday, you know, so we, kind of, do it
21 that way.

22 MR. GOLDSTEIN: Our waiting period is
23 longer than Britney Spears marriages.

24 MS. VAN WAGNER: It is true, but sad.

25 So, I guess, you know, without going into

0099

1 any further details, you might have some
2 questions about the analysis. And, you know,
3 clearly as things have changed since we wrote
4 this report, the developments in California
5 would definitely cause us to, as people reside,
6 to cause us to reduce some of our numbers,
7 because it is obvious that people are going to
8 go --

9 MR. CHAIRMAN: I have a question, and I
10 don't know if you have data, yet, for this, but
11 kind of tagging onto what Brad was eluding to,
12 which is the opportunity, because of timing,
13 now, with California allowing marriages and
14 with Governor Paterson in New York State --

15 MS. VAN WAGNER: Recognizing marriage,
16 yes.

17 MR. CHAIRMAN: -- recognizing it, do you
18 see any changes in this; are you anticipating
19 an influx of folks, residents to now actually
20 have some sort of an activity after they go to
21 California and come back?

22 MS. VAN WAGNER: Yeah. I definitely think
23 that people -- I mean, if people go get married
24 in California, they might be likely to come
25 back and have a party in New York.

0100

1 So, even weddings in California can have a
2 little bit of an impact for New York, you know,
3 given -- especially in the city, I think that
4 is most likely to happen, that we could get a
5 little benefit from that, in the short run.

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6 But in the long run, if New York State
7 legalizes marriage and everybody's gotten
8 married in California, it is, you know, kind of
9 -- but the idea is, that out there, there is a
10 big stock of couples who have been deprived of
11 the opportunity to marry. And that when given
12 the opportunity in a way that makes sense to
13 them, that they are recognized in their home
14 state and so forth. That stock is going to get
15 married.

16 And then after that, you are just dealing
17 with a flow of, you know, people getting
18 married every year, which is going to be much,
19 much smaller.

20 So, the economic benefit here is, really,
21 like, who is first in to get -- to attract the
22 big stock of people when marriage is initially
23 legalized. And then, you know, after that, it
24 dwindles after the initial benefit. I mean,
25 you know, from a purely mercenary point of

0101
1 view.

2 MR. CHAIRMAN: Any questions?

3 MR. KOMOSINSKI: One thing that I think,
4 in your statement regarding the additional
5 costs that companies can benefit, like same-sex
6 marriages is offered and that is estimated to
7 reach as much as \$11 million in New York State,
8 but that was factored into the net?

9 MS. VAN WAGNER: That was factored into
10 the net, yeah. So the 142 million for New York
11 City, that is actually taken out of the
12 \$11 million for additional business cost.

13 And that was a number that we actually
14 sent to get to really, you know, figure out how
15 many, you know -- who is likely to be covered;
16 how likely is somebody to sign up for coverage
17 if they are not already signed up; how many
18 people have, you know, individuals have -- how
19 many couples have spouses not working; how many
20 couples have a spouse working somewhere else
21 that maybe covered by health insurance?

22 It is very complicated. You know, there
23 is a lot of probabilities there. But I felt
24 pretty good about that estimate to try to get
25 the best one that we could get.

0102
1 MR. CHAIRMAN: Now, the city and state
2 generate more tax revenue in terms of income
3 tax, I assume, from those who are residents of
4 the state and city?

5 MS. VAN WAGNER: State, um-hum.

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6 MR. CHAIRMAN: And work there?

7 MS. VAN WAGNER: Right.

8 MR. CHAIRMAN: So, if I am a resident of
9 New Jersey, and I am, and I have a job in New
10 York City, I am paying income taxes, but not at
11 the same rate as if I were a New York State
12 resident, right? Does the State of New York
13 make more?

14 MS. VAN WAGNER: They -- I believe that
15 the deal between New York State and New Jersey
16 is that, if you work in New York State, you
17 have to pay the difference between New York and
18 New Jersey income taxes. And that money goes
19 to New York State, I think.

20 I would have to look that up. New York
21 City gets no -- it is no longer a -- because
22 it's no longer a quarter tax. We get no
23 benefit from that.

24 MR. CHAIRMAN: All right.

25 REVEREND BLUSTEIN-ORTMAN: Do you have an

0103

1 independent study, not what you studied, but an
2 independent study of why the numbers that you
3 presented for New York are so much lower than
4 the ones that Brad --

5 MS. VAN WAGNER: For New Jersey?

6 REVEREND BLUSTEIN-ORTMAN: For New Jersey.

7 MS. VAN WAGNER: Well, I think that we
8 made more conservative assumptions. Basically,
9 I think that the wedding spending -- and I
10 haven't seen exactly what he did.

11 Our numbers aren't multipliers, they are
12 direct spending. We didn't then say, when you
13 spend a dollar, that creates another hidden
14 sense of spending if you add onto the original
15 dollar. I am not sure if he did that or not.

16 MR. CHAIRMAN: He did not.

17 REVEREND BLUSTEIN-ORTMAN: He projected
18 that it --

19 MR. CHAIRMAN: He projected that if it
20 went to half a billion, it would be with the
21 multiplier.

22 MR. GOLDSTEIN: One of the reasons I
23 think, the fact that Pennsylvania borders New
24 Jersey and Southern New Jersey. The difference
25 between Pennsylvania and New Jersey in

0104

1 bordering states is almost as great of that any
2 two states in the country.

3 REVEREND BLUSTEIN-ORTMAN: But the study
4 was given from New York.

5 MR. GOLDSTEIN: Right.

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6 MS. VAN WAGNER: I think that -- I think
7 that the numbers -- I think the difference is
8 primarily two things.

9 I think that our per-wedding spending is a
10 lot lower and we were just being very
11 conservative about that. I wouldn't be
12 uncomfortable with a bigger number, but we
13 wanted to -- we were doing this for court, we
14 didn't want to be viewed as overstating the
15 economic benefits.

16 MR. GOLDSTEIN: You said 5 to \$7000 per
17 wedding?

18 MS. VAN WAGNER: Yeah. Because we were
19 assuming that small weddings, people go out to
20 dinner, that is \$100 a head --

21 MR. GOLDSTEIN: That is a monthly rent in
22 Manhattan.

23 MS. VAN WAGNER: Well, not everybody lives
24 in Manhattan.

25 MR. GOLDSTEIN: No. I'm saying, it is

0105
1 very, very, very, very low.

2 MS. VAN WAGNER: Well, it is conservative.
3 You know, it could be higher. But I think that
4 that is probably the main reason.

5 And the other has to do with resident
6 spending issue. We didn't attribute any
7 economic benefits to the resident's wedding,
8 aside from the -- that the guests coming to
9 visit. And, so, I think those are the two
10 sources. I am speculating.

11 But I am familiar enough with their work
12 and the way -- the assumptions that they made
13 and they are basing it on this, I would guess.

14 REVEREND BLUSTEIN-ORTMAN: And I am
15 wondering if a woman named Audrey still works
16 in the court? You have to be registered, and
17 she runs it with an iron fist. And it is very
18 difficult for clergy to get cleared and do
19 weddings there.

20 MR. CHAIRMAN: You can answer that later;
21 you can follow up.

22 MS. VAN WAGNER: I have no idea about
23 Audrey.

24 MR. CHAIRMAN: Let me ask you, has this
25 report been, yet, included in any discussions

0106
1 in terms of testimony with the legislator or
2 any litigation?

3 MS. VAN WAGNER: Not to my knowledge, no.
4 We have had a lot of things happen last year in
5 the state, and, so, you know, it might have

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6 gotten lost in the shuffle.

7 MR. CHAIRMAN: Sure.

8 Also, have there been any reports
9 subsequent to this that you are aware of that
10 have challenged your assumptions or the
11 figures, here, in this report?

12 MS. VAN WAGNER: No. Nothing. I don't
13 think so. I am not aware of anything that came
14 out after that.

15 MR. CHAIRMAN: Okay. Any other questions
16 from the Commission?

17 MS. SIPERSTEIN: I just have a quick
18 question as far as the numbers. Again, it
19 seems very, very conservatively, the fiscal
20 impact. You are talking sales, hotel
21 occupancy, taxes based on -- \$5 million based
22 on \$175 million for a wedding. That seems
23 rather -- very low. Much lower tax rate for
24 New York City than --

25 MS. VAN WAGNER: Well --

0107

1 MS. SIPERSTEIN: -- and then you have
2 occupancy taxes in hotels. There are at least
3 three different taxes.

4 MS. VAN WAGNER: We factor that all in,
5 you know. We had a very, you know, big
6 spreadsheet.

7 MS. SIPERSTEIN: It just seemed extremely
8 low, the number that you used.

9 MS. VAN WAGNER: I am comfortable with the
10 estimate, and it is a very detailed analysis.

11 MR. CHAIRMAN: Okay. Thank you very much.
12 I read this report a few months ago and it was
13 real helpful --

14 MS. VAN WAGNER: Great.

15 MR. CHAIRMAN: -- to figure out. And I
16 see, just for my own perspective, very, very
17 conservative estimates. Really trying to make
18 the number as conservative as possible and, you
19 know, the effects might be greater, you know,
20 once we see those real numbers through.

21 Thank you for coming all the way down
22 today.

23 MR. GOLDSTEIN: Thank you, Deputy
24 Comptroller.

25 As a New Yorker who moved to New Jersey

0108

1 because we have better LGBT laws, and tell
2 Governor Paterson that. He is a great public
3 servant. Has been great to the LGBT.

4 Thank your office.

5 MR. CHAIRMAN: And if we have any

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6 follow-up questions, do you mind if we contact
7 you?

8 MS. VAN WAGNER: Not at all.

9 MR. CHAIRMAN: Thank you so much.

10 MS. VAN WAGNER: Thank you.

11 MR. CHAIRMAN: Mary. Mary WanderPol o, an
12 attorney from Montclair.

13 MS. WANDERPOLO: I am not really sure why
14 I am here.

15 MR. CHAIRMAN: From the great state of
16 Montclair.

17 MS. WANDERPOLO: I don't have anything,
18 really, to say about this.

19 MR. CHAIRMAN: Well, the reason that we
20 had called on you was the other issue, which is
21 domestic partners.

22 And one of our charges is, do we keep it
23 in the legislature to keep the Domestic
24 Partnership Act in tact as it is now, which is
25 for couples over 62, or should the legislature

0109

1 abolish domestic partnerships entirely?

2 MS. WANDERPOLO: And --

3 MR. CHAIRMAN: Would you introduce
4 yourself?

5 MS. WANDERPOLO: Yeah. My name is Mary
6 WanderPol o and I am an attorney. I have a
7 practice in Montclair for the past 22 years
8 that focuses on the practice of primarily on
9 estate planning for all kinds of families, on
10 planning for people with disabilities and on
11 what is commonly called, Elderly Care Law.

12 I work with a significant number of
13 families in planning for long term care
14 becoming a facility or diagnosis that will
15 eventually result in the need for a long term
16 facility care.

17 I do an awful lot of work with nursing
18 home placement with medicai d planning and
19 medicare rules and regulations. And I work
20 with a lot of couples who never married.
21 Heterosexual couples that never married.

22 And the Domestic Partnership Act brought
23 to them benefits under New Jersey law that they
24 did not have before. If they knew about it,
25 they took advantage of it.

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1 The biggest problem with the Domestic
2 Partnership Act for this group of people was,
3 it wasn't on their radar screen. They were in
4 their 60s; they were used to the fact that, for
5 whatever personal reasons they didn't marry,

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and many times it is mixed couples.

Couples where, one was raised Jewish and one was raised Catholic. And -- so, their generation entered into a marriage not blessed by their synagogue or blessed by their churches. It was just better to live in what they call "sin" at the time. That there may have been economic reasons or there may have been one just -- an incredibly independent woman, and she wasn't going to become a man's life.

But upon the death of her partner for 40 years, she owed New Jersey an inheritance tax on a condominium that she had purchased, but put his name on it to protect his rights to live in it if she died.

Had the New Jersey domestic spouse been on her radar, they might well have been domestic partners and avoided those taxes.

She also was not allowed to cremate him,

which he did not specify he wanted to be cremated in writing, but he had desired to be cremated and she wanted to take his ashes with her back -- when she went back to the Canary Islands. Because she was not his immediate family, she had no right to authorize his cremation. She ended up burying him in a Jewish cemetery in Paterson or Passaic somewhere.

And, you know, we had this long tearful conversation about how she would have to keep him in her memory, she couldn't continue to visit him when she went back to the Canary Islands, but he would be with her anyway. And that was something that she was denied.

Whether that's -- those kinds of issues are enough to justify maintaining the Domestic Partnership Act solely for this group of people who really could marry. There is nothing barring them from marrying under our current marriage laws.

I don't know, you know, there certainly are benefits for them.

The New Jersey Estate Tax, they qualify as the spouse for the unlimited credit for the New

Jersey State Tax. They qualify for beneficiary for the New Jersey Inheritance Tax. They certainly get the benefits of, the right to visit in the hospital; the right to make treatment decisions; the right to choose

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6 burial, to cremate or to not embalm or to
7 donate organs.

8 But those are all rights that they would
9 have if they were married. And there is no
10 bar; there is no legal reason why they aren't
11 marrying. They aren't marrying for personal
12 choice reasons, not legal reasons.

13 MR. CHAIRMAN: As I recall when the DP
14 people considered --

15 MS. WANDERPOLO: There is a very, very
16 small group of people who, if you were not
17 married to your first spouse, I think it is 10
18 years, you can collect. If you are married 10
19 months, you can collect from the Social
20 Security when you retire at 65. But if you
21 weren't married to them, I think it is 10
22 years. If you remarry, you lose their Social
23 Security and have to collect on your new
24 spouse. If you were married to them for 10
25 years, you don't lose theirs.

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1 So, if your first spouse had a higher
2 Social Security then your new spouse, you would
3 have no change in income.

4 But it is a very small group of people, it
5 is not a significant portion of the population.

6 I actually never had a problem working for
7 whom it effected.

8 MR. CHAIRMAN: There is another group that
9 I am thinking of that I believe was
10 contemplated as one of the reasons for the need
11 for the DPA for same-sex -- for opposite sex
12 couples over 62. And those are people,
13 otherwise not eligible to marry.

14 For example, a sibling. You have an elder
15 sibling and they are both seniors --

16 MS. WANDERPOLO: Yeah. I didn't think of
17 that.

18 MR. CHAIRMAN: And they can marry, so they
19 don't have that option.

20 MS. WANDERPOLO: Right.

21 MR. CHAIRMAN: The Domestic Partnership
22 Act gives them the opportunity to, because they
23 have been long time, you know, provider.

24 MS. WANDERPOLO: And domestic partnership
25 only grants to them the estate tax unlimited

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1 credibility. They have the New Jersey
2 Inheritance Tax if they are siblings, they
3 already are -- no. There is not. There is a
4 benefit for that.

5 MR. KOMOSINSKI: Domestic partnership

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6 doesn't allow siblings.

7 MS. WANDERPOLO: That is what I thought,
8 yeah.

9 MR. KOMOSINSKI: This is the fourth
10 community of contact of annuity which, first
11 cousin and further removed can.

12 MS. WANDERPOLO: So, maybe it really is
13 the question of Social Security. That is the
14 reason they put it at 62, rather than younger.

15 MR. KOMOSINSKI: So, over all, with your
16 experience representing people that might be
17 able to take advantage of the DP or not, or
18 could marry, if you were a legislator and you
19 had to have a vote, either keep the DPA for
20 them or abolish it, what do you recommend? You
21 can't say I don't know.

22 MS. WANDERPOLO: It is a very tough
23 question. I --

24 MR. CHAIRMAN: Let me rephrase it then.
25 Are there individuals that you represented or

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1 that you know of that could be protected by the
2 DPA if it were abolished, would not be getting
3 any of these protections --

4 MS. WANDERPOLO: There are. There are --

5 MR. CHAIRMAN: -- against marriages?

6 MS. WANDERPOLO: There are people who
7 would still not marry.

8 I have to say, my personal opinion is, we
9 grant them a benefit based on, either, marry or
10 civil union, whatever you want to call it,
11 because as a government, we've chosen that we
12 want to protect people because they make this
13 personal choice.

14 And -- so, if I were a legislator and I
15 were trying to decide if we keep the DPA or we
16 don't, and the only reason to keep it is, these
17 people are making a different personal choice
18 then the one that we seem to want to encourage
19 by having civil union and marriage, whatever we
20 want to call it. I think that I probably would
21 fall on the side of, not keeping the DPA,
22 because really, if we have marriage for
23 everyone, then the only thing that DPA does is
24 protect those people 62 and over who, for
25 personal reasons, are not going to marry.

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1 And I don't know the government needs to
2 protect people who are making a personal choice
3 that we already decided, that we don't want to
4 grant these rights to everyone who happens to
5 cohabit.

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6 And can I just say, I really wanted to ask
7 the New York people a question. So, I'm going
8 to ask it now, because I think the Commission
9 needs to hear it.

10 I don't understand how they are going to
11 save the billions that they talked about based
12 on medicaid, based on peoples income being
13 deemed and peoples resources being deemed, when
14 medicaid is a federal law governed by DOMA.

15 And, so, if New York authorizes marriage,
16 and New York medicaid starts going to couples,
17 while your income is deemed so your spouse is
18 no longer eligible for medicaid, medicaid is a
19 federal government.

20 The states can only be more liberal
21 interpreting the regs, they cannot be more
22 restrictive.

23 So, I don't know how they are going to
24 save all that money on medicaid. I don't know
25 how they are going to see that many people

0117
1 offset it.

2 MR. GOLDSTEIN: It is a shame that they
3 are not here.

4 MS. ALLEN: They were saying that they
5 feel --

6 MS. WANDERPOLO: Right.

7 MS. ALLEN: -- people not to marry, that
8 if that income is going to be -- there would be
9 economic consequences to that. The state would
10 save that kind of money.

11 MS. WANDERPOLO: I think they have a huge
12 settlement suit, because New York has an
13 amazing public service bar, and they bring a
14 class action suit the next day, and they do in
15 Federal Court using DOMA to, you know, get the
16 state to not deem.

17 MS. NEVAREZ: The fact that the law is the
18 law --

19 MS. WANDERPOLO: No.

20 MS. RAKSA: I wonder if it is stated on
21 dollars?

22 MS. WANDERPOLO: I don't think that they
23 could have possibly factored in how they
24 calculate what the state only charges, and
25 whether it loses its federal dollars even if it

0118
1 is paying its portion of the medicaid budget
2 for people who are not eligible.

3 MS. ALLEN: They didn't even mention DOMA.

4 MR. CHAIRMAN: Well, any other questions
5 on the issue of domestic partnership from Mary?

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6 REVEREND BLUSTEIN-ORTMAN: How about
7 beyond that scope?

8 MR. CHAIRMAN: She is not here to testify
9 about fiscal impact, just about domestic
10 partnership.

11 MS. WANDERPOLO: I am not a fiscal person.

12 MR. CHAIRMAN: Any questions on that
13 issue?

14 (Whereupon, there was no
15 response.)

16 MR. CHAIRMAN: Okay. Thank you very much.

17 MS. WANDERPOLO: Thank you.

18 MR. CHAIRMAN: Okay. Next up is Linda
19 from -- on behalf of the Department of Banking
20 and Insurance, and then Dan Cappello from the
21 tourism division and the state.

22 All right, Linda.

23 MS. SCHWIMMER: I have prepared testimony
24 which was handed out, and I might summarize as
25 we go along.

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1 Thank you, Frank, and everyone for having
2 me here. I am Linda Schwimmer, Director of
3 Legislation and Policy for the Department of
4 Banking and Insurance.

5 You asked us to address questions on
6 states Civil Union Law and to assess the impact
7 on our department and the industry as we
8 regulate the law and regulate a law that would
9 establish marriage for same-sex couples in New
10 Jersey.

11 To prepare for those answers, we put
12 together information from the department, as
13 well as consulting with the industry as we
14 regulate, which is, essentially, the insurance
15 industry, the bank industry and those different
16 types of license lenders.

17 So, I am going to start with short answers
18 to those questions, and then get into more
19 detail.

20 Over all, the implementation and
21 enforcement of the New Jersey Civil Union Act
22 has had several minimal impact on our
23 department.

24 Likewise, we would not anticipate a major
25 impact, either on the department or the

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1 industry as we regulate if a law was enacted
2 establishing marriage for same-sex couples in
3 New Jersey.

4 Generally, in the area of regulated health
5 coverage, it has been relatively easy to extend

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6 civil union partners the benefits afforded
7 spouses.

8 But keep in mind that the departments have
9 not regulated -- does not regulate self-funded
10 health insurance plan or medicaid or the New
11 Jersey Family Care Programs.

12 In regard to life insurance, extension of
13 spousal benefits to civil union partners has
14 been, for the most part, relatively
15 uncomplicated. There have been some issues
16 with that, which I will get into.

17 For our banking institution, the
18 difference between civil union and marriage
19 should be minimal. They would have to train
20 personnel to ask precise questions to get the
21 information that the institution needs to
22 establish its lien position in instances of
23 lending or properly set up accounts.

24 With that overview, let me address your
25 specific questions.

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1 First, you asked whether or not there will
2 be additional financial impact on DOBI, between
3 having civil unions or marriage.

4 The fiscal impact is likely to be
5 marginal.

6 On operations, other than initial filings,
7 the future impact is the potential increase in
8 inquiries and complaints. And we really see
9 that, kind of, just at the transition period
10 and, again, you know, nominal in any cost.

11 The differences between New Jersey law and
12 other states requires different policy forms or
13 riders, insurance forms and different
14 administrative processing by insurers. That
15 will likely generate misapplications by the
16 insurers, and some inquiries or complaints as a
17 result.

18 Two; you asked for our impressions on the
19 effectiveness of the Civil Unions Act
20 implementation in our department and with
21 regard to regulated banking and insurance
22 communities.

23 We think that they have been effective.
24 We are aware of no complaints for consumers of
25 rights that have been denied for entities

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1 within our regulatory control. And, again, we
2 have no jurisdiction.

3 We have had seven telephone inquiries
4 since we began tracking such calls on
5 January 22nd of this year.

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6 The inquiries are mostly people asking
7 about their basic eligibility for coverage.

8 You asked if there is any potential
9 positive or negative financial impact on state
10 commerce, regulated industry, et cetera, if the
11 State were to allow marriage rather than civil
12 union for same-sex couples. We are not aware
13 of any impact.

14 On a possible change to marriage from the
15 current civil union, there would not be much
16 difference based on our understanding of the
17 civil union requirements.

18 In the area of annuities, the department
19 and insurers selling annuities initially
20 disagreed on the proper interpretation of the
21 Civil Union Act.

22 Because annuities receive preferential
23 income treatment, the insurers initially argued
24 that almost any extensive rights to civil union
25 partners was preempted by DOMA.

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1 The department argued that while this
2 preemption was extensive, it was not total.
3 This issue was resolved and annuity forms
4 approved in New Jersey now acknowledge certain
5 rights of civil union partners as beneficiaries
6 or joint owners of annuities.

7 Because this issue involved DOMA, which
8 denies rights to same-sex regardless of whether
9 the union is designated as a marriage level at
10 the state level, this problem would have arisen
11 regardless of the designation meaning, between
12 civil union and marriage.

13 In auto insurance, a spouse is a named
14 insured on every policy. If the couple has
15 different insurers, they need to be sure to
16 correctly identify the other on each
17 application or renewal questionnaire.

18 On workers' compensation, there are
19 substantial survivor benefits if the spouse
20 dies as the result of a work-related injury,
21 but that would be the same, again, under either
22 civil union marriage.

23 The potential difficulties are related to
24 different federal and state laws, and the needs
25 for the insurers to make adjustments in its

0124
1 policy forms and processes to accommodate those
2 differences.

3 For example, some insurers may find some
4 difficulties in trying to use the same policy
5 forms, underwriting processes and claims

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6 payment systems in New Jersey as in other
7 states with different laws. And that is
8 something that we work with, the National
9 Association of Insurance Commissioners. That
10 is something that, should we go in that
11 direction, we could certainly try to promote
12 forms that we could use across the country as
13 the issue progresses.

14 Underwriting may be another example where
15 home/regional office employees in various parts
16 of the country might require different systems
17 or training to properly apply the new law.

18 And the fourth question you asked was,
19 whether there is a substantial fiscal burden to
20 regulated communities, or our department by
21 permitting the continuation of the Domestic
22 Partnership Act.

23 We do not think that the continuation of
24 domestic partners is burdensome to our
25 regulated communities because, in the area of

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1 health coverage, for example, the burden of
2 dealing with domestic partnerships and civil
3 unions is about the same.

4 You asked for any information that we may
5 have on the extent and number of employers in
6 New Jersey with self-funded insurance plan that
7 do not provide coverage for same-sex in civil
8 unions as they do for a married heterosexual
9 couples.

10 Again, we do not regulate self-insured
11 plans, but we did ask Horizon Blue Cross/Blue
12 Shield, which is one of the largest
13 administrators of self-funded plans in the
14 state. So that type of information.

15 And what they reported was that, of the
16 1157 self-funded plans which they administer,
17 69 self-funded plans offer civil unions and
18 domestic partner coverage to both same-sex and
19 opposite sex couples. And 62 offer that
20 coverage to only same-sex couples.

21 In summary, the New Jersey Civil Union Act
22 has had a minimal impact on this department and
23 we would not anticipate any major impact on
24 DOBI or its regulated industries should the
25 same-sex -- should the law be enacted.

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1 And I can answer anymore specific
2 questions that you might have now.

3 MR. CHAIRMAN: I just have a question that
4 you may or may not be able to answer. I know
5 that, you know, there are times that there are

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6 bills before congress or regulatory proposals
7 at the federal level that impact, you know, one
8 of our agencies and we periodically will write
9 comments about whether we agree with it or not,
10 or how it would effect our state or
11 constituents.

12 Is there any movement of amending regs or
13 statutes related to ERISA at the federal level
14 that are out there right now, that we've taken
15 any position on whether to, you know -- that
16 would deal with these issues that you are
17 discussing today? Are there any ERISAs
18 involved in our -- before the statutes before
19 the congress that would amend ERISA to deal
20 with these issues of discrimination?

21 MS. SCHWIMMER: Not that I am aware of,
22 but I will double check that.

23 MR. CHAIRMAN: Okay. I think it would be
24 interesting to us to hear if the state, if
25 there are any opportunities for the State of

0127
1 New Jersey to speak out in favor of revising
2 ERISA regulatory or statutorily, to ensure that
3 our same-sex couples in New Jersey receive
4 protections, we would be interested in that. I
5 mean, there is nothing right now?

6 MS. SCHWIMMER: Right. Not that I am
7 aware of. And that issue will also come up if
8 and when there is any movement at the federal
9 level for health insurance reform in general --

10 MR. CHAIRMAN: I suspect this is an --

11 MS. SCHWIMMER: -- which we monitor, but
12 that is not something that is moving into the
13 current climate.

14 MR. CHAIRMAN: Okay. Any questions?

15 REVEREND BLUSTEIN-ORTMAN: In your
16 summary, you dismissed my question, because in
17 question number four, it answered it in a way
18 that doesn't compute, and I just want to check
19 with you on that.

20 You talked about the DPA, and in your
21 answer, you tied it to the continuous Civil
22 Union Law as opposed to the absence of the
23 Civil Union Law.

24 So, if the Civil Union Law turns into the
25 marriage, would it continue, then, to not have

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1 impact?

2 MS. SCHWIMMER: I am not sure I am
3 following what you are saying.

4 REVEREND BLUSTEIN-ORTMAN: In your
5 question on your report, you reacted, there was

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6 a substantial fiscal burden to the regulated
7 communities or your department permitting the
8 continuation of the DPA for opposite sex
9 couples 62 and over.

10 MS. SCHWIMMER: Right.

11 REVEREND BLUSTEIN-ORTMAN: And then in
12 your answer you said, because of the
13 similarities between the DPA and civil unions,
14 there wouldn't be.

15 MS. SCHWIMMER: Right. Oh, I see.

16 REVEREND BLUSTEIN-ORTMAN: But, if we
17 removed civil unions from that equation --

18 MS. SCHWIMMER: It still wouldn't make any
19 difference.

20 MR. CHAIRMAN: Any other questions?

21 (Whereupon, there was no
22 response.)

23 MR. CHAIRMAN: Thank you very much.

24 Especially as our newest commission member to
25 be put on the spot, I appreciate it.

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1 Okay. And then our final testimony will
2 be at this time.

3 Daniel Cappello, please come on over here
4 so that the court reporter can take down your
5 testimony and introduce yourself. And welcome
6 to the Commission.

7 MR. CAPPELLO: Thank you. Good afternoon,
8 everyone.

9 MR. CHAIRMAN: Good afternoon.

10 MR. CAPPELLO: My name is Daniel Cappello;
11 I am a tourism representative for the New
12 Jersey Department of State, Division of Travel
13 and Tourism. I have been asked to attend on
14 behalf of Nancy Burns, our executive director.

15 I am going to briefly go through some --
16 over all tourism specifics for the State of New
17 Jersey in a sense of over all -- the type of
18 economic impact that we are talking about.

19 This information is from our 2007 Global
20 Independent Study, which relies on the tourism
21 satellite account of the international standard
22 and tourism impact, which is notoriously very
23 difficult to grasp.

24 In 2007, New Jersey's Tourism exceeded
25 \$38 billion. We are New Jersey's third fastest

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1 growing industry. 11.4 percent of all
2 employment in the state is attributed to
3 tourism. And what that means is that, one in
4 every nine workers in New Jersey can attribute
5 their employment to tourism.

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6 When we talk about tourism, we talk about
7 core and non-core. Core is specifically the
8 types of activities and services that directly
9 touch the visitor.

10 For example, the transaction that occurs
11 at a hotel or restaurant. Non-core would be
12 things like infrastructure; how is someone
13 getting to that hotel; who is supplying the
14 linens to the restaurant or hotel?

15 Certainly you can see how many -- what
16 type of residual effects that we are talking
17 about across the board in New Jersey.

18 New Jersey visitors are primarily from out
19 of state, but -- and primary markets are
20 Pennsylvania and New York. But 22 percent of
21 the people who make New Jersey vacation
22 destinations are coming from the State of New
23 Jersey.

24 We loosely define this as -- I should not
25 say loosely -- the growth incite defines this

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1 as an actual overnight stay. Different
2 treatments to some of the residents than
3 visitors, who may live in the state or someone
4 who's traveled more than 30 miles from their
5 designation.

6 I don't know if we've -- if anyone has
7 discussed the community marketing and
8 incorporated statistics yet. I think it is
9 worth noting.

10 It came to the division's attention about
11 four years ago. The division used to be, but
12 due to budget no longer are, a member of the
13 International Gay and Lesbian Travel
14 Association.

15 During that time, we became cognizant of
16 the community marketing corporate issues, which
17 is a research firm located in San Francisco.

18 MR. GOLDSTEIN: How much does it cost
19 to -- to be a member of that?

20 MR. CAPPELLO: I don't recall. At the
21 time, it was a fledgling operation and it was a
22 couple of hundreds of dollars, if I am not
23 mistaken.

24 MR. GOLDSTEIN: I know an organization
25 that will give you money to join. So, if you

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1 could tell that, that would be great.

2 MR. CAPPELLO: At the time we -- again, we
3 became cognizant of marketing and we got a
4 basic idea about what the gay and lesbian
5 traveler meant to the tourism economy.

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6 New Jersey, let me just say, as the
7 Division of Travel and Tourism, we are
8 primarily concerned with the promotion of
9 marketing of New Jersey as the travel
10 destination above all.

11 We do some educational programs, grant
12 programs as well, but primarily we talk about
13 getting out-of-state visitors into New Jersey
14 to spend money, to increase tourism spending.

15 With our relatively small marketing funds,
16 because in comparison to say, Philadelphia,
17 which I would venture to say, their gay and
18 lesbian marketing budget is -- competes with
19 our over all marketing budget is to say,
20 basically, there is very little room for us to
21 market the niche markets within the Division of
22 Travel and Tourism. But we have done some.
23 And, at least, if not ourselves, through our
24 partners in the field.

25 One of the reasons we generally expected

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1 the division that tourism makes, not only in
2 New Jersey, but certainly in New Jersey, but
3 across the world is that, the gay and lesbian
4 visitor exhibits that type of brand loyalty
5 that other visitors just don't have.

6 There are -- have a distinct propensity
7 for travel; more disposable income; more time
8 to travel, making them very valuable
9 demographically.

10 What I find most interesting is that,
11 again, this is according to Community
12 Marketing, Incorporated, that the top criteria
13 for gays and lesbians site when choosing
14 vacation destinations are, number one, a
15 recommendation by friends, which is consistent
16 with other demographics; two, you need
17 attraction offering; and three, a reputation
18 for gay friendliness.

19 Now, in terms of actual contact with the
20 gay and lesbian market, the visits that our
21 office has had, we attended the Gay and Lesbian
22 Expo in New York City for a few years. We no
23 longer do, but another one of our
24 organizations, the Destination Marketing
25 Organization is specifically geared towards the

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1 Jersey shore, has picked up that slack since
2 then.

3 This is largely anecdotal, but the
4 experience of New Jersey being there, and being
5 there myself -- and this is at a time when

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6 domestic partnership had, and we were really
7 experiencing -- people were very much welcoming
8 us with open arms.

9 And other situations when we're competing
10 with the kind of status that existed in the
11 tourism industry, New Jersey, as you probably
12 imagine, sometimes gets a little lost in the
13 message. We're not having this situation in
14 terms of the gay and lesbian visitor.

15 We have a series of destinations that do
16 recommend the gay and lesbians to Cape May, for
17 example, Asbury Park and Lambertville.

18 MR. CHAIRMAN: Can I ask you a question
19 before you continue on with that, because I
20 know nothing about the tourism industry, and if
21 you could help educate me.

22 It sounds like there are associations, or
23 you are saying conferences and stuff? I guess
24 to learn about specific marketing, specific
25 types of communities, like, I forget what the

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1 group is, there is a conference for gay and
2 lesbian tourism; are there groups for, like,
3 you know, Hispanic tourism --

4 MR. CAPPELLO: Absolutely.

5 MR. CHAIRMAN: -- African-American
6 tourists?

7 MR. CAPPELLO: Absolutely. One of the
8 shows that we intend on -- our travel trade
9 expo that we intend on doing this year is an
10 African-American Travel Trade Expo.

11 We do create paraphernalia specifically
12 geared towards these markets. Among them is
13 the Asian Visitors Guide, a Spanish Visitors
14 Guide, which is geared toward Spanish, and an
15 African-American Visitors Guide.

16 So, there is a vernacular to market to
17 niche markets. But certainly we find that you
18 have to be -- you have to have some level of
19 interaction with those types of organizations
20 to empower your marketing position.

21 MR. CHAIRMAN: And, so, are you a member,
22 is the agency a member of organizations --

23 MR. CAPPELLO: Currently, no.

24 MR. CHAIRMAN: You are --

25 MR. CAPPELLO: No. Not a member of -- no.

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1 Not in any niche markets, but we are a member
2 of every major travel association in the
3 country, namely, the Travel Industry
4 Association of America, Destination Marketing
5 Association International, The American Bus

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Association and National Car Association.

MR. CHAIRMAN: And then in terms of these marketing books or whatever you mentioned that you do for Hispanic tourists, African-American tourism; are those things we still do, or have they gone away?

MR. CAPPELLO: No. They are currently.

MR. GOLDSTEIN: So, when you are marketing African-American communities, Hispanic communities, and not to the gay and lesbian communities, we didn't find any money for that?

MR. CAPPELLO: Well, in terms of -- my personal opinion in terms of our tourism product, to market New Jersey over all as a gay and lesbian travel destination, according to what I understand is their buying tendencies, it would certainly more behoove an individual destination.

For example, Asbury Park, Lambertville and Cape May to be doing the marketing themselves.

Accordingly, we have given grants for, I believe, four years running, now, to an agency called, Gables of Cape May County, which is a gay group that markets to gay and lesbian travelers.

MR. GOLDSTEIN: But you do grants, too?

MR. CAPPELLO: We do. That is compensated.

MR. GOLDSTEIN: Do you have a blueprint in the agency for comprehensive marketing plan to the LGBT community at all?

MR. CAPPELLO: No. We don't.

MR. GOLDSTEIN: Why?

MR. CAPPELLO: I don't feel that, with our extremely limited marketing and research budget, that it would behoove us have such -- we would be taking a large chunk of our over all marketing, which translates into fewer television ads --

MR. GOLDSTEIN: With all due respect, that is stunning.

MR. CAPPELLO: Really?

MR. GOLDSTEIN: Really. I mean, you know, I have to tell you, really stunning, really short sided. And the state is losing a lot of

money because of it.

This state, because of the significant progress that it made on the LGBT issues, even before or whatever happens with marriage equality, it sees a very, very, significant

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6 influx of LGBT people in this state. That is
7 what one of the previous people said. I mean,
8 I forgot what the statistic was, but it is
9 very, very impressive.

10 There are, in this state, about 20
11 sizeable, how you define sizeable, we can talk
12 about, LGBT municipalities that didn't exist
13 about 15 years ago. It is booming.

14 The reason is several-fold that the LGBT
15 population in New Jersey is booming. One has
16 to do with our laws; two, has to do with the
17 suburban communication of the LGBT community
18 nationwide.

19 People are moving from cities like New
20 York and Philadelphia to the suburbs. New
21 Jersey is the most suburban state of the
22 country. If anything, greatly.

23 With all due respect, there needs to be
24 massive thinking, new thinking. And -- both,
25 to take advantage of the Civil Union Law, the

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1 fact that this is one of two states in the
2 country now that offers paid family leave to
3 same-sex partners. That is extraordinary.
4 They may well be marriage equality; who knows?

5 It requires a whole -- this state is
6 losing money, particularly if there is marriage
7 equality or even without it, given how great
8 the laws are here, preparation made, I mean,
9 honestly, our state is facing very fiscal
10 times. And it seems that just a little bit of
11 strategy, not even cost, in growing the
12 community.

13 And I have to tell you, I want to put this
14 gently, I am offended as a member of the LGBT
15 community, that there seems to be more outreach
16 to other communities than in our community.

17 And we are describing, in terms of your
18 perspective of LGBT potential practice in New
19 Jersey, is really outdated by about 15 years.
20 I have to say that with all due respect.

21 MR. CAPPELLO: What, exactly, do you mean
22 by that?

23 MR. GOLDSTEIN: There is a massive LGBT
24 population here that didn't exist 10, 15 years
25 ago.

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1 REVEREND BLUSTEIN-ORTMAN: I am wondering
2 if this conversation here --

3 MR. GOLDSTEIN: No. I am really happy to
4 have this on the record within the hearing.
5 And we can talk about it after, because the

Civil Union Review Commission Hearing
6 department is really shocking.

7 It is not taking advantage of very
8 specific laws, including the possibility that
9 there be marriage equality.

10 MR. CAPPELLO: Well, I think in all
11 honesty, I think that if you were to access our
12 over all marketing plan, you would see how
13 really generally strapped we are, and we are
14 really fighting to -- there are -- we are
15 certainly not exclusionary, by any stretch of
16 the imagination. Our advertising takes
17 advantage of the television and our radio
18 commercials.

19 We certainly, if you were to draw a
20 comparison, it sounds like you're a --
21 concerned with these African-American --

22 MR. GOLDSTEIN: I think you should reach
23 out to all those groups. I think it is
24 wonderful. Us, too.

25 MR. CAPPELLO: Right. I understand, but

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1 my point is that, I feel that we would
2 potentially dilute our message, over all, if we
3 were to concentrate primarily on niche markets,
4 when we could reach a bigger audience with a
5 strong --

6 MR. GOLDSTEIN: No. I'm sorry. That is
7 wrong. Don't go there. Nobody asked you to
8 concentrate only on niche marketing.

9 We are a booming economic market, and it
10 doesn't cost any money to pick up a phone and
11 call the Statewide Gay Rights Services.

12 MR. CHAIRMAN: Let me just suggest this,
13 Daniel, because I interrupted you before you
14 were finished with your testimony and you
15 weren't here, you didn't get the benefit of
16 hearing all the other testimony before you.

17 A lot of the testimony that we took today
18 was about the financial impact on the state;
19 what could the state get; what could the state
20 build and grow with if it did something
21 differently in terms of money? Could the state
22 become a richer entity if it did some things
23 differently like, allow marriages for same-sex
24 couples?

25 And we had several people testify who are

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1 statics experts, and they've done studies about
2 how much money the state would generate in
3 revenue if the same-sex couples were allowed to
4 marry in the state. And we could capitalize on
5 that and make -- I mean, one of the guy's

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6 testified that his estimates could be about
7 half a billion dollars just in the first three
8 years of same-sex marriage to the State of New
9 Jersey, just in tourism dollars. Half a
10 billion dollars. And they were very, very
11 conservative estimates.

12 So, we are talking about real numbers.
13 These are not things that we were making up
14 and, you know, you didn't have the benefit of
15 getting that information.

16 So, what I would like to do is, give you a
17 chance to finish what you were going to --
18 continue on.

19 And what I would like to do is, after the
20 meeting, I will get to you some of the
21 information that we learned today, and hand it
22 over to you or your office so that you could
23 have the benefit of looking at that and then,
24 maybe, coming back in another future hearing
25 and seeing if there is a way that we could,

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1 kind of, work with you, because the resources
2 are limited.

3 How much -- what is your budget for
4 marketing for your division?

5 MR. CAPPELLO: Well, it has recently been
6 cut. It is, approximately, \$11 million.

7 MR. CHAIRMAN: That's it. And that is
8 this current fiscal year that we are in?

9 MR. CAPPELLO: I don't know the exact
10 extent of budget cuts. It could be as low as
11 \$10 million.

12 MR. CHAIRMAN: So, the current fiscal year
13 is, roughly, 11 million?

14 MR. CAPPELLO: Yes.

15 MR. CHAIRMAN: And that is what you get?

16 MR. CAPPELLO: Marketing agency, all media
17 purchases, all production purchases.

18 MR. CHAIRMAN: Okay. And does that also
19 include the grants that you get?

20 MR. CAPPELLO: No. That is separate.
21 Currently, \$1.35 million.

22 MR. CHAIRMAN: Wow. That is not very
23 much.

24 Let me ask you, how long have you been at
25 the agency?

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1 MR. CAPPELLO: Five years.

2 MR. CHAIRMAN: Okay. Have you seen --
3 have you been getting an increase each year in
4 your marketing budget?

5 MR. CAPPELLO: No. We seen it cut every

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6 single year.

7 MR. CHAIRMAN: Cut every single year.

8 So, here's an issue. You are being handed
9 -- here's your pool of money, we know you want
10 a lot more. That is not going to help you
11 with, but it helps us, that you've been getting
12 cut and cut and cut.

13 Let me ask you this. If you had
14 additional monies, would you recommend to the
15 state to be doing niche marketing researches or
16 things like that --

17 MR. CAPPELLO: Certainly.

18 MR. CHAIRMAN: -- or is it just the money
19 reason that you are not doing it?

20 MR. CAPPELLO: Well, I think it is the
21 money and manpower reason. We a very small
22 staff.

23 When we did attend the Gay and Lesbian
24 Business Rights Expo, it was because of my
25 interest in the market.

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1 And knowing what an economic boom it is in
2 the travel industry at all, and knowing that
3 New Jersey had some elements of a product that
4 would relate to them, which is, a lot of states
5 can't say, I would venture; I don't want to
6 make judgment calls.

7 MR. CHAIRMAN: All right. What I am
8 getting to is, what our mission is at this
9 Commission, we report to the governor and
10 legislature the future about a variety of
11 things related to Civil Union Laws, Domestic
12 Partners Act and Same-Sex Marriage Legislation.

13 One piece of that is, do we have
14 recommendations of how New Jersey can do a
15 better job if the Civil Union Act is failing,
16 how can that improve --

17 MR. CAPPELLO: Absolutely.

18 MR. CHAIRMAN: -- and if you have anything
19 that we could add in there.

20 MR. CAPPELLO: Anyone who would give us
21 \$500,000 earmark for a specific purpose like
22 that, we could really have impact.

23 You know, we do our -- we are kind of
24 clambering for media attention as it is, to --
25 I hope that, you know, if we put it all in

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1 perspective and knowing that literally, our
2 marketing to be, for example, is one
3 publication.

4 I don't know if you've seen our Web site
5 we do now, none of our advertising is -- it is

Civil Union Review Commission Hearing
6 specifically tourists and Asians or
7 African-Americans.

8 MR. CHAIRMAN: Do you have any -- do you
9 know what some of your counterparts in other
10 states have? Like, what does Massachusetts --

11 MR. CAPPELLO: I don't know offhand. We
12 are similar, like Pennsylvania and New York,
13 which is, obviously, our primary competition.

14 It increases every year. And I don't know
15 offhand.

16 Three years ago I think we ranked, like, I
17 think, 9th in the top 10 of tourist economy.
18 We didn't even make the top 20 in terms of a
19 marketing budget.

20 MS. SCHWIMMER: I can tell you that
21 Philadelphia has more than New Jersey. It is a
22 larger market.

23 MR. CHAIRMAN: In terms of budget numbers?

24 MS. SCHWIMMER: Yes.

25 MS. SIPERSTEIN: Could you tell us what

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1 the difference is --

2 MR. CAPPELLO: Absolutely.

3 MS. SIPERSTEIN: -- certainly with our
4 neighboring states?

5 MR. CHAIRMAN: If you could actually give
6 us -- you said that you ranked in the, you
7 know, 20th in terms of market budget. If you
8 could share with us, you know, in the future --

9 MR. CAPPELLO: Absolutely.

10 MR. CHAIRMAN: -- in the next month, that
11 ranking, it would really help to see where New
12 Jersey is right now. Because these are things
13 that will be helpful for us, and may be a voice
14 for you on identifying some really good
15 strategy, you know. We are trying to help each
16 other out here, and we don't know the data.

17 So, whatever data you think as an expert
18 would be helpful for us to know, to show that
19 you feel if there is this huge opportunity, we
20 don't have the resources for it --

21 REVEREND BLUSTEIN-ORTMAN: Or the
22 infrastructure to handle the resources.

23 MR. CHAIRMAN: Okay.

24 MR. KOMOSINSKI: I think, too, on some
25 things -- again, when California went from

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1 domestic partnership to same-sex marriage or
2 marriage, there was a huge publicity lapse.

3 And, again, I think if New Jersey goes to
4 marriage equality, we are going to see some of
5 that and be able to use some of that as, maybe,

Civil Union Review Commission Hearing
6 not tourism marketing, but marketing in
7 general.

8 It is going to bring the influx of those
9 58 -- you know, 1000 couples that we talked
10 about coming in.

11 You know, if we do marketing, yeah, we may
12 get them to stay, you know, at premiere hotels
13 and bring in more dollars into it.

14 A lot of that is going to come from that
15 initial fact that New Jersey has same-sex
16 marriage and, yet, what are we going to do once
17 we have it here, kind of thing?

18 MS. SIPERSTEIN: Regarding what -- you
19 know, so we have, really, an awful lot to
20 improve, based on the potential.

21 I think that you mentioned that you give
22 out something like, \$1.5 million in grants to
23 organizations?

24 MR. CAPPELLO: That's correct.

25 MS. SIPERSTEIN: And you mentioned you

0149
1 give out one grant a year?

2 MR. CAPPELLO: One specifically to a --
3 Gables in Cape May County; we give a grant to
4 The Shore Regional Tourism Councils.

5 In its grant agreement, it is allowed to
6 pay, through its funding, to attend the Gay and
7 Lesbian Same-Sex, which is the one that we used
8 to, and no longer do it.

9 REVEREND BLUSTEIN-ORTMAN: And they now
10 do?

11 MR. CAPPELLO: And they now do.

12 MS. SIPERSTEIN: Okay. How much do you
13 spend on direct marketing with the grant? For
14 example, to those specific organizations?

15 MR. CAPPELLO: It will be \$200,000, over
16 all, but to the shore region.

17 MS. SIPERSTEIN: How much were the grants?

18 MR. CAPPELLO: For the shore production?

19 MS. SIPERSTEIN: Yes. Say -- which I saw
20 at the pride, and I have a full -- what is the
21 state's investment on that?

22 MR. CAPPELLO: I would take a stab, it
23 could be \$8000. I don't think it is less.

24 MS. SIPERSTEIN: One of the things that I
25 did notice was that, it was billed as a

0150
1 statewide brochure, but probably about
2 90 percent of the list things that you would
3 add for Cape May.

4 REVEREND BLUSTEIN-ORTMAN: Which would
5 make sense.

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6 MS. SIPERSTEIN: But it was still a
7 statewide brochure.

8 MR. CAPPELLO: Right. That's correct. It
9 is, yes.

10 We don't have --

11 MS. SIPERSTEIN: And it was very skewered
12 in that one little --

13 MR. CAPPELLO: Right. That would be the
14 organizations, whatever message they are
15 pushing.

16 MS. SIPERSTEIN: But how many are going
17 solid as a statewide, and we only have -- this
18 is very misleading.

19 MR. CAPPELLO: Right.

20 MS. SIPERSTEIN: This is all that is in
21 New Jersey, just Cape May?

22 MR. CAPPELLO: I think that is a question
23 better for Gables.

24 MS. SIPERSTEIN: Well, it is a question
25 for how you are spending your money.

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1 MR. CHAIRMAN: Let me just move forward on
2 this, because I think there is a lot of really
3 good people around the table that have access
4 to a lot of communities, and maybe we can use
5 it, this meeting, to connect, okay?

6 For purposes of just finishing your
7 testimony, is there -- I mean, the sense that I
8 get from you is, New Jersey would benefit
9 greatly if tourism -- if resources were given
10 to market tourism with the LGBT people.

11 MR. CAPPELLO: I would agree, and I would
12 continue to say that the State of New Jersey
13 would benefit from any additional funding that
14 would help us --

15 MR. CHAIRMAN: Sure.

16 MR. CAPPELLO: -- more focus in the
17 market.

18 MR. CHAIRMAN: Okay. And as marketing or
19 as a tourism expert, if you have the ability to
20 sell -- you have the resources that you need,
21 the people, the money, you got to sell a
22 message, though, you have to have a reason to
23 come to New Jersey, if you could sell as a
24 reason, you can come here to get married; is
25 that better than it is today?

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1 MR. CAPPELLO: Absolutely. It is not a
2 doubt in my mind.

3 MR. CHAIRMAN: Is it easier to sell
4 marriage than to sell civil union?

5 MR. CAPPELLO: Certainly, it is.

Civil Union Review Commission Hearing

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MR. CHAIRMAN: Okay. That is what I really wanted to know. That is what we wanted to find out.

Any other questions?
(Whereupon, there was no response.)

MR. CHAIRMAN: Sorry to put on you on the hot seat today.

MR. CAPPELLO: That is not what I expected, but --

MR. CHAIRMAN: And we are actually -- we are obviously passionate and we are upset about the fact that you don't have the resources that you need, and we will see what we can do to help you.

MR. CAPPELLO: Okay.

MR. CHAIRMAN: So, if you will follow up with us.

MR. CAPPELLO: Certainly.

MR. CHAIRMAN: Any questions before we adjourn?

(Whereupon, there was no response.)

MR. CHAIRMAN: Okay. Thank you.
(Whereupon, the proceedings commenced at approximately 4:35 p.m.)

C E R T I F I C A T E

I, RENEE HELMAR, a Shorthand Reporter, and Notary Public, certify that the foregoing is a true and accurate transcript of the proceedings which were held at the time,

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place and on the date herein before set forth.

I further certify that I am neither attorney, nor
counsel for, nor related to or employed by, any of the
parties to the action in which these proceedings were taken,
and further that I am not a relative or employee of any
attorney or counsel employed in this action, nor am I
financially interested in this case.

Renee Helmar

Shorthand Reporter