



## SMOKE-FREE LAWS DO NOT HARM BUSINESS AT RESTAURANTS AND BARS

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In recent years a groundswell of support for smoke-free restaurant and bar laws has developed from states and localities across the country. As of November 2012, nearly 65 percent of the U.S. population (or more than 198 million people) live in areas that have passed strong smoke-free laws covering restaurants and bars.<sup>1</sup> Strong smoke-free restaurant and bar laws are important because:

- There is overwhelming scientific evidence that secondhand tobacco smoke causes lung cancer, heart disease and lung and bronchial infections.<sup>2</sup>
- Smoke-free laws help protect restaurant and bar employees and patrons from the harms of secondhand smoke.<sup>3</sup>
- Smoke-free laws help the seven out of every ten smokers who want to quit smoking by providing them with public environments free from any pressure or temptation to smoke.<sup>4</sup>

Accompanying the growth in smoke-free laws nationwide has been a parallel increase in false allegations that smoke-free laws will hurt local economies and businesses.<sup>5</sup> In fact, numerous careful scientific and economic analyses show that smoke-free laws do not hurt restaurant and bar patronage, employment, sales, or profits.<sup>6</sup> At worst, the laws have no effect at all, and they sometimes even produce slightly positive trends. For example:

- A 2010 analysis of economic outcomes of smoke-free laws stated, “there is clear evidence that smokefree legislation does not hurt restaurant or bar businesses, and in some cases business may improve.”<sup>7</sup>
- In 2009, the International Agency for Research on Cancer (IARC) examined the extensive literature on the economic impact of smoke-free policies on the hospitality sector. The analysis noted that methodologically sound research studies consistently conclude that smoke-free policies do not have an adverse economic impact on the business activity of restaurants, bars, or establishments catering to tourists, with many studies finding a small positive effect of these policies. These studies analyzed official reports of sales, employment and the number of restaurant and bar establishments.<sup>8</sup>
- A comprehensive examination of smoke-free laws published in 2007 concluded that, “the vast majority of scientific evidence indicates that there is no negative economic impact of clean indoor air policies, with many studies finding that there may be some positive effects on local businesses.”<sup>9</sup>
- The Surgeon General's 2006 Report on *The Health Consequences of Involuntary Exposure to Tobacco Smoke* examined numerous studies from states and local communities across the country. The report concluded that, “Evidence from peer-reviewed studies shows that smoke-free policies and regulations do not have an adverse economic impact on the hospitality industry.”<sup>10</sup>
- A study in the journal *Tobacco Control* (in 2003) offered a comprehensive review of all available studies on the economic impact of smoke-free workplace laws and concluded that: “All of the best designed studies report no impact or a positive impact of smoke-free restaurant and bar laws on sales or employment. Policymakers can act to protect workers and patrons from the toxins in secondhand smoke confident in rejecting industry claims that there will be an adverse economic impact.”<sup>11</sup>

In addition to the comprehensive analyses listed above, the experience of many states and communities demonstrates that smoke-free laws protect health without harming business.

- Data from ten **Minnesota** cities (published in 2010) found that local smoke-free laws had no negative impact on bar and restaurant revenue. This was true for total taxable sales as well as revenue from

alcohol sales.<sup>12</sup> Another study found no significant changes in bar or restaurant employment (in both rural and urban regions of the state) after implementation of Minnesota's statewide smoke-free law.<sup>13</sup>

- In 2008, the **Washington** State Department of Revenue noted that businesses posted strong gains in gross income in 2007. Bars and taverns, which the Department noted feared being hit hard by the smoke-free law, generated 20.3 percent more gross income in 2007, compared to a .3 percent gain in 2006, the first full year after the law went into effect in December 2005. Their average growth rate was stronger in the two years after the smoke-free law than in the years preceding the voter-approved ballot initiative.<sup>14</sup>
- A study published in 2007 assessed the economic impact of a smoke-free law in **Lexington-Fayette County, Kentucky**. The study found that, "No important economic harm stemmed from the smoke-free legislation over the period studied, despite the fact that Lexington is located in a tobacco-producing state with higher-than-average smoking rates." An analysis of employment data found restaurant employment grew after the smoke-free law went into effect (employment remained unchanged in bars). A comparison of restaurant and bar openings and closings showed no significant difference before and after the law (regardless of whether or not the establishment served alcohol).<sup>15</sup>
- A July 2006 report on The Health and Economic Impact of **New York's** Clean Indoor Air Act found that, "the law has not had an adverse financial impact on bars and restaurants."<sup>16</sup> The report examined sales tax receipts from 1999 to 2004 from a sample of vendors who had filed a tax return for each quarter. The analysis showed that, "the CIAA had no apparent effect on sales tax receipts for bars or full service restaurants or on totals from all retailers in New York City or New York State."
- **California** was the first state to implement smoke-free restaurant (1995) and bar laws (1998). A 2005 study analyzed how the smoke-free laws affected the distribution of revenues between bars and restaurants. Critics of smoke-free restaurant and bar laws have often claimed that a prohibiting smoking reduces restaurant and bar revenues. Using tax revenue data from 1990 to 2002, the study authors note that, "our analysis suggests that the actual effect is just the opposite: the 1995 smoke-free restaurant law is associated with an increase in restaurant revenues, while the 1998 smoke-free bar law is associated with an increase in bar revenues."<sup>17</sup>
- A study conducted by researchers at the Harvard School of School of Public Health of the Commonwealth of **Massachusetts'** comprehensive statewide smoke-free law that took effect July 5, 2004 found that, "Analyses of economic data prior to and following implementation of the law demonstrated that the Massachusetts state-wide law did not negatively affect statewide meals and alcoholic beverage excise tax collections. Furthermore, the number of employees in food services and drinking places and accommodation establishments, and keno sales were not affected by the law."<sup>18</sup>
- A study conducted by research economists at the University of **Florida's** Bureau of Economic and Business Research found that the state's voter-approved smoke-free law, which took effect July 1, 2003, has not hurt sales or employment in the hotel, restaurant and tourism industries (the Florida law exempts stand-alone bars). In addition to analyzing total sales, the study also examined restaurant revenue as a percentage of total retail revenue in order to account for underlying economic conditions in the state. The proportion of retail sales by Florida's restaurants, lunchrooms, and catering services increased by 7.37 percent after the smoke-free law went into effect.<sup>19</sup>
- On March 30, 2003, **New York City** implemented its comprehensive smoke-free workplace law prohibiting smoking in all of the city's restaurants and bars. A March 2004 report issued by the New York City Department of Finance, Department of Health and Mental Hygiene, Department of Small Business Services, and Economic Development Corporation noted, "One year later, the data are clear. . . Since the law went into effect, business receipts for restaurants and bars have increased, employment has risen, virtually all establishments are complying with the law, and the number of new liquor licenses issued has increased—all signs that New York City bars and restaurants are prospering."<sup>20</sup> The report noted that business tax receipts for restaurants and bars increased 8.7 percent from April 1, 2003, to January 31, 2004 compared to the same period in 2002-2003. Employment in New York City restaurants and bars increased by 10,600 jobs (about 2,800 seasonally adjusted jobs) from the implementation of the smoke-free law in March 2003 to December 2003.<sup>21</sup> The

2004 Zagat New York City Restaurant Survey provides additional evidence that New York City's smoke-free law is not hurting business. The survey of nearly 30,000 New York restaurant-goers found that 23 percent of respondents said they are eating out more often because of the city's smoke-free workplace law, while only four percent said they are eating out less. Zagat's press release concludes, "The city's recent smoking ban, far from curbing restaurant traffic, has given it a major lift."<sup>22</sup>

- In **Delaware**, business remained steady one year after the state's Clean Indoor Air Act went into effect in November 2002. Data from the Delaware Alcohol Beverage Control Commission show that the number of restaurant, tavern and taproom licenses increased in the year since the law took effect. Data from the Delaware Department of Labor show that employment in the state's food service and drinking establishments also increased in the year since the smoke-free law went into effect.<sup>23</sup>
- A study released by the U.S. Centers for Disease Control and Prevention (CDC) found that a comprehensive smoke-free policy in **El Paso, Texas** did not affect restaurant and bar revenue in the year after it took effect in January 2002.<sup>24</sup> The CDC and the Texas Department of Health analysis found no statistically significant changes in overall restaurant and bar revenues, bar liquor sales, or restaurant and bar revenue as a percentage of total revenue. The latter finding refutes arguments often made by opponents of smoke-free laws that, even if bar and restaurant revenues grow after such laws take effect, they do not grow as fast as the rest of the economy.
- Earlier studies of sales tax data from 81 localities in six states have consistently demonstrated that ordinances restricting smoking in restaurants had no effect on restaurant revenues.<sup>25</sup>
- Studies of local smoke-free policies in Massachusetts (before the statewide law went into effect) showed no substantial impact on aggregate restaurant sales. In addition, the adoption of local smoke-free restaurant policies did not cause any statistically significant change in town taxable meal revenue.<sup>26</sup>

### **Key Restaurant and Business Leaders Support Smoke-Free Laws**

Members of the business community, including restaurant and bar owners, are becoming increasingly supportive of smoke-free laws, recognizing that these laws can have a positive impact on public health and the health of their business.<sup>27</sup>

- The 2008 Zagat Survey: America's Top Restaurants of 132,000 Americans noted that, "The verdict on smoking is overwhelming with 77% of diners saying they'd eat out less if smoking were permitted in local restaurants, and only 2% saying they'd dine out more."<sup>28</sup> In 2009, the release of the Zagat Report remarked, "In New Orleans and Las Vegas, two of the last major cities not to have banned smoking, this is still a major issue. Recent smoking bans will offer welcome relief to health-conscious diners."<sup>29</sup>
- In October 2010, Nicole Griffin, Executive Director of the Connecticut Restaurant Association remarked to WestportPatch Online that the smoking ban was a big issue for restaurateurs when it was implemented in October of 2003, but that today, "[t]he smoking ban is not an issue at all for restaurants." She continues, "When it first passed, restaurateurs were really nervous that once the ban was put into effect people wouldn't come out to eat and drink, and that's not what happened. Seven years later, customers are really happy to go out to bars and to eat and drink and not be in an atmosphere of smoke."<sup>30</sup>
- Michael O'Neal, former president of the New York State Restaurant Association: "I feel strongly that it is pro-business and pro-health to eliminate smoking in all workplaces, including restaurants. Smoke-free workplace legislation does not hurt business . . . Smoking prohibitions in California, Utah, Vermont, Maryland and Maine as well as in hundreds of cities all over the country prove that smoke-free-workplace legislation is good for all businesses, including the restaurant business. That shouldn't be a surprise. Even smokers prefer to breathe clean air."<sup>31</sup>
- A July 2006 editorial in Nation's Restaurant News stated, "The argument against smoking in public indeed has become more compelling, and this could be an appropriate time for operators and associations to reassess their positions on the issue." The editorial noted that the Pennsylvania Restaurant Association

(PRA), “long an opponent of stricter smoking prohibitions – did an about-face and urged state lawmakers to ban smoking in all public workplaces, including restaurants, bars and casinos.”<sup>32</sup>

- Support for New York's law has grown even among bar and restaurant owners. James McBratney, President of the Staten Island Restaurant and Tavern Association, was quoted in the Feb. 6, 2005, issue of *The New York Times* saying "I have to admit, I've seen no falloff in business in either establishment [restaurant or bar]." According to *The Times*, "He went on to describe what he once considered unimaginable: Customers actually seem to like it, and so does he."<sup>33</sup>
- Across the country, state and local chapters of business associations like the Chamber of Commerce are endorsing smoke-free laws. Chambers of Commerce in a number of states and communities, including Kentucky, Washington, Utah, Anchorage (AK), Beaumont (TX), Philadelphia (PA) and Manchester (NH) all supported smoke-free laws. In January 2011, Kentucky Chamber of Commerce President and CEO Dave Adkisson joined state legislators and health advocacy groups to speak in favor of a statewide smoking policy. In a survey of Kentucky Chamber members, 86 percent of respondents said they favored a smoke-free policy for public buildings in Kentucky. "Smoking is not only killing us in Kentucky, it's bankrupting us," Adkisson said at the Capitol. "Business leaders have come to the conclusion that we have got to discourage smoking in this state." In announcing their position, Chris Williams, Vice President of the Greater Manchester Chamber of Commerce, stated, "Over the past two months, an overwhelming number of our members have told us that they support a statewide smoking ban and believe the Chamber should publicly support it as well. What you may find interesting is the fact that 75% of our restaurant owners who are Chamber members agreed with this school of thought." Williams said that the Chamber of Commerce supported a statewide smoke-free law because, "The health of our employees is important to us as business owners" and "The economic health of the restaurant industry will not suffer from a smoking ban."<sup>34</sup> See <http://www.no-smoke.org/goingsmokefree.php?id=538> for additional information on business leaders supporting smoke-free laws.
- David E. Garth, President and CEO of the San Luis Obispo Chamber of Commerce in California: "I must admit that, at the time the [San Luis Obispo smoke-free bar and restaurant] ordinance was presented, we were extremely wary of it. We feared that the ban on smoking would cost the community revenue, jobs, tax dollars, tourists and tourist-generated income. We ended up coming out in support of the ordinance, seeing it as a leap of faith that wouldn't hurt businesses. Suffice it to say, our initial fears were unfounded and today, I'm pleased to report that the effects have been extremely positive."<sup>35</sup>
- A 2002 survey of California bar owners, managers, assistant managers and bartenders found overwhelming support for the state's smoke-free bar law, with more than eight in ten bar managers and employees (83%) saying they think the smoke-free workplace law protects their health and the health of other bar employees, and 77 percent of bar managers and employees saying that complying with the law has been "very" or "fairly" easy.<sup>36</sup>

#### ***The Campaign for Tobacco-Free Kids, November 7, 2012***

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<sup>1</sup> Figures based on ordinances recorded by Americans for NonSmokers Rights (ANR), <http://www.no-smoke.org/lists.html>

<sup>2</sup> U.S. Department of Health and Human Services (HHS), *The Health Consequences of Involuntary Exposure to Tobacco Smoke: A Report of the Surgeon General*, Atlanta, GA: HHS, Centers for Disease Control and Prevention, Coordinating Center for Health Promotion, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2006, <http://www.surgeongeneral.gov/library/secondhandsmoke/report/>.

<sup>3</sup> HHS, *The Health Consequences of Involuntary Exposure to Tobacco Smoke: A Report of the Surgeon General*, Atlanta, GA: HHS, Centers for Disease Control and Prevention, Coordinating Center for Health Promotion, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2006, <http://www.surgeongeneral.gov/library/secondhandsmoke/report/>.

<sup>4</sup> Fiore MC, Bailey WC, Cohen SJ, et al., *Treating Tobacco Use and Dependence*. Clinical Practice Guideline, HHS Public Health Service, June 2000. ANR, *Economic Impact of Clean Indoor Air Policies*, January 15, 2000. Internal Philip Morris document that states that the "financial impact of smoking bans will be tremendous ... Three to five fewer cigarettes per day per smoker will reduce annual manufacturers profits a billion dollars plus per year," July 1, 1993, Bates No. 2025771934/1995.

<sup>5</sup> KPMG Peat Marwick for the American Beverage Institute, "Effects of 1998 California Smoking Ban on Bars, Taverns and Night Clubs," 1998; InContext for the Massachusetts Restaurant Association, "Massachusetts Restaurant Association Study," 1996; InContext for the Empire State Restaurant & Tavern Association, "Restaurant Jobs in New York City, 1993 Through First Quarter 1996, and the Restaurant Smoking Ban," 1996.

- <sup>6</sup> See, e.g., ANR, *Economic Impact of Clean Indoor Air Policies*, January 15, 2000.; Glantz, S, "Smoke-Free Restaurant Ordinances Do Not Affect Restaurant Business. Period.," *Journal of Public Health Management and Practice* 5:1, January 1999; Scollo M, et al., "Review of the quality of studies on the economic effects of smoke-free policies on the hospitality industry," *Tobacco Control* 12:13-20, 2003.
- <sup>7</sup> Hahn, EJ, "Smokefree Legislation: A Review of Health and Economic Outcomes Research," *American Journal of Preventive Medicine* 39(6S1):S66-S76, 2010. <http://www.clearwaymn.org/vertical/Sites/%7BF1680E9A-EF78-41E7-8793-6913CF57DBAB%7D/uploads/%7B8274B71A-3B37-46D7-8320-E457C961A736%7D.PDF>
- <sup>8</sup> International Agency for Research on Cancer (IARC), "Evaluating the effectiveness of smoke-free policies: IARC Handbooks of Cancer Prevention, Tobacco Control, volume 13," World Health Organization (WHO), IARC, 2009, <http://www.iarc.fr/en/publications/pdfs-online/prev/handbook13/handbook13-0.pdf>.
- <sup>9</sup> Eriksen, M & Chaloupka, F, "The Economic Impact of Clean Indoor Air Laws," *CA: A Cancer Journal For Clinicians* 57:367-378, 2007. <http://caonline.amcancersoc.org/cgi/content/full/57/6/367>.
- <sup>10</sup> HHS, *The Health Consequences of Involuntary Exposure to Tobacco Smoke: A Report of the Surgeon General*, Atlanta, GA: HHS, Centers for Disease Control and Prevention, Coordinating Center for Health Promotion, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2006. <http://www.surgeongeneral.gov/library/secondhandsmoke/report/>.
- <sup>11</sup> Scollo, M, et al., "Review of the quality of studies on the economic effects of smoke-free policies on the hospitality industry," *Tobacco Control* 12:13-20, 2003.
- <sup>12</sup> Collins, N, et al., "Effects of Clean Indoor Air Laws on Bar and Restaurant Revenue in Minnesota Cities," *American Journal of Preventive Medicine* 39(6S1):S10-S15, 2010. <http://www.clearwaymn.org/vertical/Sites/%7BF1680E9A-EF78-41E7-8793-6913CF57DBAB%7D/uploads/%7B51B38485-15E2-4BAD-8FB5-97C4BF1BC056%7D.PDF>
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- <sup>14</sup> Washington State Department of Revenue Press Release, "Businesses bounce back from smoking ban," June 10, 2008, <http://dor.wa.gov/content/aboutus/newsroom/html/smokingban.aspx>.
- <sup>15</sup> Pyles, M, et al., "Economic effect of a smoke-free law in a tobacco-growing community," *Tobacco Control* 16:66-68, 2007.
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- <sup>20</sup> NYC Department of Finance, NYC Department of Health & Mental Hygiene, NYC Department of Small Business Services, NYC Economic Development Corporation, "The State of Smoke-Free New York City: A One-Year Review", March 2004, <http://www.nyc.gov/html/doh/downloads/pdf/smoke/sfaa-2004report.pdf>. See also New York City Department of Health and Mental Hygiene, Press Release, "Workers, Owners, City Officials, And Health Groups Toast One-Year Anniversary Of The Smoke-Free Air Act," March 29, 2004, [http://www.nyc.gov/html/doh/html/press\\_archive04/pr031-0329.shtml](http://www.nyc.gov/html/doh/html/press_archive04/pr031-0329.shtml).
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- <sup>22</sup> Zagat, Press Release, "Zagat 2004 New York City Restaurant Survey Finds Local Dining Economy in Comeback Mode," October 20, 2003.
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- <sup>25</sup> Glantz, S, "Smoke-Free Restaurant Ordinances Do Not Affect Restaurant Business. Period.," *Journal of Public Health Management and Practice* 5(1), January 1999.
- <sup>26</sup> Bartosch, WJ & Pope, GC, "The Economic Effect of Smoke-Free Restaurant Policies On Restaurant Business in Massachusetts," *Journal of Public Health Management and Practice* 5(1):53-62, 1999.
- <sup>27</sup> For a six-minute video of restaurant and bar owners discussing the positive impact of smoke-free laws and other related resources, visit [http://www.tobaccofreekids.org/what\\_we\\_do/state\\_local/smoke\\_free\\_laws/](http://www.tobaccofreekids.org/what_we_do/state_local/smoke_free_laws/). ANR features quotes from restaurant and bar owners across the country on their website <http://no-smoke.org/document.php?id=260>.
- <sup>28</sup> Zagat Press Release, "ZAGAT RELEASES 2008 AMERICA'S TOP RESTAURANTS SURVEY."
- <sup>29</sup> Zagat Press Release, "2009 ZAGAT AMERICA'S TOP RESTAURANTS SURVEY IS OUT; ECONOMIC DOWNTURN LEADS TO CHANGES IN DINING HABITS."
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<sup>33</sup> Rutenberg, J & Koppel, L, "Almost Two Years Into Cigarette Ban, New York City Bars Thrive and Many Smokers Shrug," *New York Times*, February 6, 2005.

<sup>34</sup> Williams, C, Vice President of the Greater Manchester Chamber of Commerce, Chamber Insight, March 10, 2006.

<sup>35</sup> Garth, D, President/CEO of the San Luis Obispo (CA) Chamber of Commerce, Letter To Washington DC Council In Support of Smoke-Free legislation, November 3, 2003.

<sup>36</sup> Field Research Corporation, "Bar Establishment Survey," conducted September – October 2002 for California Department of Health Services.