

# THE ECONOMIC IMPACT OF 100% SMOKEFREE ORDINANCES

## May 6, 2002

<http://www.no-smoke.org/econcia.html>

### Americans for Nonsmokers Rights

**Fort Wayne, IN:** Conservative Hudson Institute Fellow, William Styring, investigated the impact of a 1998 smoking ban on restaurant revenues in Fort Wayne. Sales tax data was collected between 1987 (twelve years before the ordinance was enacted) and 2000 (two years after the ordinance was enacted). No statistically significant variation in revenues was found. (Styring, "A Study of the Fort Wayne (IN) Restaurant Smoking Ban: Has it Impacted the Restaurant Business?" May 2001)

**British Columbia, Canada:** On January 1, 2000, the Workers' Compensation Board (WCB) of British Columbia amended its workplace smoking laws to include the hospitality industry. The following March, the amendment was overturned in court pending further public consultations. A study conducted by Pacific Analytics Inc analyzed both the real (two month) and potential economic impact of the amendment at the request of the WCB. Researchers concluded that the amendment would have had no long-term impact on employment or restaurant sales. A new amendment prohibiting smoking in all hospitality and entertainment facilities went into effect in April 2002. ("The Economic Impacts of the Proposed Amendment to the ETS Regulation." Prepared for The Workers Compensation Board of British Columbia by Pacific Analytics Inc. February, 2001.)

**Massachusetts:** A systematic statewide comparison of 239 communities in Massachusetts revealed that local smokefree ordinances do not harm businesses. Taxable meals receipts data was collected for over 1,000 restaurants between 1992 and 1999. Contrary to restaurateur predictions, researchers found that restaurant sales in towns with strong smoking restrictions experienced a slightly faster rate of growth than restaurant sales in towns without such restrictions. Included in the study was an analysis of the effect of comprehensive ordinances on communities bordering towns without similar smoking restrictions. The data revealed that this factor "failed to have a statistically significant effect on meals receipts." (Bartosch, William, and Pope, Gregory, (2000), *The Economic Effect of Restaurant Smoking Restrictions on Restaurant Business in Massachusetts*

*1992-1998: Final Report*, Center for Health Economics Research, submitted to Massachusetts Department of Public Health, November 27, 2000.)

**Texas:** Clean indoor air ordinances were passed in Arlington, Austin, Plano, and Wichita Falls between July 1994 and March 1996. Researchers evaluated the effect of these ordinances on restaurant sales using restaurant and retail tax data. Information was collected from the first quarter of 1987 through the last quarter of 1999. Despite variations in the municipalities' geographic, demographic, and economic composition, no detrimental effect on restaurant sales was found to have resulted from the ordinances in any of the four cities studied. (Hayslett, and Huang, "Impact of Clean Indoor Air Ordinances on Restaurant Revenues in Four Texas Cities" March 21, 2000)

**Boulder, Colorado:** According to GASP (Group to Alleviate Smoking Pollution) of Colorado, sales tax revenues continued to grow in Boulder after the passage of the smokefree restaurant ordinance in 1995. Revenues from January through October of 1997 were up 3.14%, 1998 revenues were up 4.83%, and 1999 revenues were up 4.31%. The Boulder city finance department referred to the 1999 restaurant sales as a positive "strength." ("Boulder's Smoke-Free Ordinance Makes Good Cents for Restaurants and Bars." GASP of Colorado (Group to Alleviate Smoking Pollution, 2000.)

**Dane County, Wisconsin:** In 1992, the city of Madison and several surrounding towns in Dane County passed smoke-free restaurant ordinances. A report on the impact of these laws found that between 1992 and 1997, per capita restaurant expenditures rose at a higher rate within the county than in the rest of the state. Meanwhile, employment in restaurants grew faster than in any other Madison industry. Furthermore, the number of voluntary smokefree restaurants in Dane County areas not covered by the ban grew from 4 in 1993 to 89 in 1997. (Dresser, "Clearing the Air: The Effect of Smoke free Ordinances on Restaurant Revenues in Dane County." Tobacco-Free Wisconsin Coalition. January 1999.)

**New York City:** A study published in the *Journal of Public Health Management and Practice*, reported that hotels and restaurants in New York City experienced increases in taxable sales revenue after the 1995 smokefree air act took effect. Furthermore, the sales at eating and drinking establishments in NYC went up as a percentage of both total sales in the city and total restaurant sales from New York State after the law was implemented. Researchers stated that, "Based on these data, it can be concluded that the smoke-free law did not harm the restaurant industry in New York City." (Hyland, Cummings, and Nauenberg, "Analysis of Taxable Sales Receipts: Was New York City's Smoke-Free Air Act Bad for Restaurant Business?" *Journal of Public Health Management and Practice*, January 1999.)

**Corvallis, Oregon:** A July 1998 smoking ban in Corvallis bars did not harm business, concluded a study conducted by the Pacific Research Institute in Eugene. Sales data was collected from September 1997 through September 1999 and compared to data collected in nearby communities where similar smokefree laws were not in place. Researchers concluded that smokers did not abandon Corvallis bars and restaurants, and that revenues from the non-smoking majority replaced any loss of business from smokers. Furthermore, Corvallis showed no decline in malt beverage sales relative to surrounding communities. (Dresser, Boles, Lichtenstein and Strycker, "Multiple Impacts of a Bar Smoking Prohibition Ordinance in Corvallis, Oregon." Pacific Research Institute, Eugene Oregon. n.d.)

**Chapel Hill, NC:** Researchers at UNC-Chapel Hill examined restaurant sales data between 1990 and 1997 in ten counties; five with comprehensive smoking ordinances and five similarly situated counties with weak or no smoking ordinances. No differences were found in restaurant sales between the two groups. (Goldstein and Sobel, "Environmental Tobacco Smoke Regulations Have Not Hurt Restaurant Sales in North Carolina," *North Carolina Medical Journal*, 59(5): 284-288, September/October 1998.)

**Flagstaff, AZ:** A study conducted by researchers at Northern Arizona University found that Flagstaff's smokefree restaurant ordinance had no adverse effect on restaurant sales, as measured by tax data from January 1, 1990 (3.5 years before the enactment of the smokefree ordinance) to December 31, 1994 (1.5 years after enactment). Using four different methods of analysis, the study compared Flagstaff restaurant and retail sales with sales in two similar Arizona cities, three counties, and the entire state of Arizona. (Sciaccia and Ratliff, "Prohibiting Smoking in Restaurants: Effects on Restaurant Sales," *American Journal of Health Promotion*, 12(3): 176-184, January/February 1998.)

**California and Colorado:** In a follow-up to a landmark 1994 study, University of California researchers found that 100% smokefree restaurant and bar ordinances do not adversely impact revenues. Researchers analyzed sales tax data, comparing restaurant sales in 15 cities to total retail sales in the same cities, and restaurant sales in 15 comparison cities. The researchers also examined five cities and two counties with smokefree bar ordinances. (Glantz and Smith, "The Effect of Ordinances Requiring Smoke-Free Restaurants and Bars Revenues: A Follow-up," *American Journal of Public Health*, 87(10): 1687-1693, October 1997.)

**West Lake Hills, TX:** Researchers at the Centers for Disease Control and Prevention used sales tax data to analyze the impact of a 100% smokefree ordinance on restaurant sales in West Lake Hills. Data was collected for a 17-month period preceding the enactment of the ordinance and for a 19-month period following the enactment. Multiple linear regression techniques were used to account for seasonal variations and temporal economic trends. The study concluded, "The total sales of the restaurants did not decrease after implementation of the ordinance." (CDCP, "Assessment of the Impact of a 100% Smoke-Free Ordinance on Restaurant Sales" *Morbidity and Mortality Weekly Report*, 44:370-372, 1995.)

**Beverly Hills and Bellflower, CA:** The California cities of Beverly Hills and Bellflower repealed their smokefree restaurant ordinances following opposition organized by the tobacco industry. Studies have since shown that, contrary to tobacco industry claims, there was no detectable drop in restaurant sales during the time the ordinances were in effect, nor was there an increase in restaurant sales following reversal of the 100% smokefree ordinances. (Hinderliter, de Llamas and Associates, Glendora, CA, November 8, 1991; Glantz and Smith, "The Effect of Ordinances Requiring Smokefree Restaurants on Restaurant Sales," *American Journal of Public Health* 1994; 84:1081-1085; and "The 30 Percent Myth," *Consumer Reports*, May 1994; p. 320.)

Americans for Nonsmokers' Rights  
American Nonsmokers' Rights Foundation  
2530 San Pablo Avenue, Suite J  
Berkeley, CA 94702  
ph: 510-841-3032  
fax: 510-841-3071  
[anr@no-smoke.org](mailto:anr@no-smoke.org)