



## 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 October 2009, nearly 60 percent of the U.S. population, or more than 175 million people, live in areas that have passed strong smoke-free laws covering restaurants and bars – a figure that has nearly doubled in size in three years.<sup>1</sup> Strong smoke-free restaurant and bar laws are important because:

- There is overwhelming scientific evidence that secondhand tobacco smoke is a direct cause of lung cancer,<sup>2</sup> heart disease<sup>3</sup> and lung and bronchial infections.<sup>4</sup>
- Smoke-free laws help protect restaurant and bar employees and patrons from the harms of secondhand smoke.<sup>5</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>6</sup>

Accompanying the growth in smoke-free laws nationwide has been a parallel increase in false allegations from the cigarette companies and their allies that smoke-free laws will hurt local economies and businesses.<sup>7</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>8</sup> At worst, the laws have no effect at all, and they sometimes even produce slightly positive trends. For example:

- 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>9</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>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 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>12</sup>
- In February 2007, the Minnesota Institute of Public Health and ClearWay Minnesota released findings on the economic impact of seven local smoke-free ordinances in Minnesota. The report examined aggregate sales for eating and drinking establishments and concluded that there was no apparent economic impact of local smoke-free ordinances on the local economies examined in the report, or on the state of Minnesota as a whole.<sup>13</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>14</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."
- 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>15</sup>
- A study conducted by researchers at the University of Kentucky's College of Nursing and the Gatton College of Business and Economics of the Lexington-Fayette County, Kentucky comprehensive smoke-free law that took effect April 27, 2004 found that,

"In general, selected key business indicators in Lexington restaurants, bars, and hotels have not been affected by the smoke-free law. When taking factors into account such as population size, unemployment, and seasonal variation, there was a slight increase in restaurant employment; bar employment remained stable and hotel/motel employment declined in the 10 months after the smoke-free law took effect. There was no effect of the smoke-free law on payroll withholding taxes (workers' earnings) in restaurants, bars, or hotels/motels in the 10 months after the law went into effect, after taking seasonal variation into account. The smoke-free law was not related to business openings or closures in alcohol-serving establishments or at non-alcohol serving establishments."<sup>16</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% after the smoke-free law went into effect.<sup>17</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>18</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>19</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>20</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>21</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, TX did not affect restaurant and bar revenue in the year after it took effect in January 2002.<sup>22</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.
- In California, taxable sales receipts for bars and restaurants have increased every year since 1997 (the year before the state's smoke-free bar law took effect) through 2002 (the most current year full data is available).<sup>23</sup> In addition, total employment at bars and restaurants has also increased every year since 1997.<sup>24</sup> While bars have seen a decrease in total employment since 1990 (seven years before the smoke-free laws implementation), this trend in bar employment has not been affected by the smoke-free bar law.
- 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>
- In New York City, a partial smoke-free workplace law went into effect in 1995, but from 1993-1997 restaurant employment growth in the city was more than three times that of the rest of the state (17.6% versus 4.6%).<sup>26</sup> In addition, the New York City smoke-free law has not had any significant impact on dining out patterns among New York City diners.<sup>27</sup>
  - Studies of this earlier New York City smoke-free workplace law have also shown that it did not effect the wide variation in restaurant and hotel industry indicators caused by seasonal changes and other factors. Peer-reviewed articles have concluded that the smoke-free law did not harm the city's restaurant industry; and there was no evidence that the hotel industry had been adversely affected.<sup>28</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>29</sup>
- Studies of smoke-free laws in California and Colorado have found that smoke-free ordinances do not affect restaurant revenues (and the same holds true for smoke-free bar ordinances).<sup>30</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>31</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>32</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 Washington, Utah, Anchorage (AK), Beaumont (TX), Philadelphia (PA) and Manchester (NH) all supported smoke-free laws. 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>33</sup> See <http://www.no-smoke.org/goingsmokefree.php?id=538> for additional information on business leaders supporting smoke-free laws.

- 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>34</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>35</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>36</sup>
- 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>37</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 percent) 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>38</sup>

**Campaign for Tobacco-Free Kids, October 14, 2009**

**Related Campaign Factsheets on secondhand smoke and smoke-free laws are available at:**

<http://tobaccofreekids.org/research/factsheets/index.php?CategoryID=19>.

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

<sup>2</sup> Environmental Protection Agency (EPA), "Secondhand Smoke: What You Can Do About Secondhand Smoke As Parents, Decision-Makers, and Building Occupants," EPA-402-F-93-004, (July 1993); EPA, "Respiratory Health Effects of Passive Smoking: Lung Cancer and Other Disorders," EPA/600/6-90/006F (December 1992); National Cancer Institute, *Health Effects of Exposure to Environmental Tobacco Smoke*, Smoking and Tobacco Control Monograph No. 10, based on a California Environmental Protection Agency report, July 18, 1997.

<sup>3</sup> National Cancer Institute, July 18, 1997.

<sup>4</sup> National Cancer Institute, July 18, 1997.

<sup>5</sup> U.S. Department of Health and Human Services. *The Health Consequences of Involuntary Exposure to Tobacco Smoke: A Report of the Surgeon General*. Atlanta, GA: U.S. Department of Health and Human Services, 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>6</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." Philip Morris document number 2025771934/1995, [www.pmdocs.com](http://www.pmdocs.com).

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- <sup>9</sup> U.S. Department of Health and Human Services. *The Health Consequences of Involuntary Exposure to Tobacco Smoke: A Report of the Surgeon General*. Atlanta, GA: U.S. Department of Health and Human Services, 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/>.
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- <sup>12</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>13</sup> Minnesota Institute of Public Health, "2008 Update on the Measurable Economic Impact of Local Smoke-Free Ordinances in Minnesota." February 2007
- <sup>14</sup> "The Health and Economic Impact of New York's Clean Indoor Air Act, July 2006", New York State Department of Health, Corning Tower, Room 710 Albany, NY 12237-0676. [http://www.health.state.ny.us/prevention/tobacco\\_control/docs/ciaa\\_impact\\_report.pdf](http://www.health.state.ny.us/prevention/tobacco_control/docs/ciaa_impact_report.pdf).
- <sup>15</sup> Connolly G, et al, *Evaluation of the Massachusetts Smokefree Workplace Law: A Preliminary Report*, Division of Public Health Practice, Harvard School of Public Health, Tobacco Research Program, April 4, 2005. [http://www.hsph.harvard.edu/php/pri/tcrtp/Smoke-free\\_Workplace.pdf](http://www.hsph.harvard.edu/php/pri/tcrtp/Smoke-free_Workplace.pdf).
- <sup>16</sup> Hahn E, et al, *Economic Impact of Lexington's Smoke-free Law: A Progress Report*, University of Kentucky College of Nursing and Gatton College of Business and Economics, April 18, 2005. <http://www2.mc.uky.edu/TobaccoPolicy/LK%20Progress%20Report%20FINAL.pdf>.
- <sup>17</sup> Dai, C, et al., *The Economic Impact of Florida's Smoke-free Workplace Law*, Bureau of Economic and Business Research, Warrington College of Business Administration, University of Florida, June 25, 2004. <http://www.smokefreeforhealth.org/pdf/Economic%20Study.pdf>
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- <sup>22</sup> U.S. Centers for Disease Control and Prevention (CDC), "Impact of a Smoking Ban on Restaurant and Bar Revenues --- El Paso, Texas, 2002," *Morbidity and Mortality Weekly Report (MMWR)* 53(07) (February 27, 2004). <http://www.cdc.gov/mmwr/preview/mmwrhtml/mm5307a2.htm>
- <sup>23</sup> California State Board of Equalization, "Taxable Sales in California", <http://www.boe.ca.gov/news/tsalescont.htm>.
- <sup>24</sup> State of California Employment Development Department, Labor Market Information, "Employment by Industry Data," [http://www.calmis.ca.gov/file/indhist/cal\\$haw.xls](http://www.calmis.ca.gov/file/indhist/cal$haw.xls).
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- <sup>29</sup> Bartosch, W.J. & Pope, G.C., "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>30</sup> Glantz, S.A. and Smith, L.R.A., "The Effect of Ordinances Requiring Smoke-Free Restaurants and Bars on Revenues: A Follow-Up," *American Journal of Public Health*, (October 1997) Vol. 87, No. 10.
- <sup>31</sup> For a six-minute video of restaurant and bar owners discussing the positive impact of smoke-free laws, visit <http://www.tobaccofreekids.org/reports/shs/>. ANR features quotes from restaurant and bar owners across the country on their website <http://www.no-smoke.org/htmlpage.php?id=56>
- <sup>32</sup> Zagat Press Release: "ZAGAT RELEASES 2008 AMERICA'S TOP RESTAURANTS SURVEY." <http://www.zagat.com/About/Index.aspx?menu=PR90>
- <sup>33</sup> Williams, Chris, Vice President of the Greater Manchester Chamber of Commerce, Chamber Insight, March 10, 2006. <http://www.manchester-chamber.org/uploads/pdfs/CapIns031006.pdf>

<sup>34</sup> O'Neal, Michael "Butt Out: - The Industry Shouldn't Need Laws To Make Us Clear The Smoke From Restaurants," Nation's Restaurant News, April 16, 2001.

<sup>35</sup> Frumkin, P, "Winds of change: Latest report, attitudes should fan smoking debate down new path", NRN Editorial, July 24, 2006, Nation's Restaurant News.

<sup>36</sup> Rutenberg, J. and Koppel, L., "Almost Two Years Into Cigarette Ban, New York City Bars Thrive and Many Smokers Shrug," *New York Times*, (February 6, 2005).

<sup>37</sup> Garth, David, 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>38</sup> Field Research Corporation, "Bar Establishment Survey," conducted September – October 2002 for California Department of Health Services (CDHS).