

The Economics of Smoke-free Policy

Ellen J. Hahn, PhD, RN
Director, Tobacco Policy Research Program
and Kentucky Center for Smoke-free Policy
*University of Kentucky, College of Nursing and
College of Public Health, Lexington, KY
January 18, 2011*

Changing the Culture of Expectations with Smoke-free Policy Change



Should Workers Have to Choose between their Health and a Paycheck?

“Working a full shift was like puffing a pack a day. Take a tip from me, no tip is worth dying for.”

DIANE KASSNER | Career Waitress
Second Avenue Deli



Secondhand smoke kills thousands of Americans a year.

It can bring on asthma attacks in children. Make a bad heart attack fatal. And could be increasing the risk of breast cancer among female restaurant staff by 40%.

Workers in restaurants, bars and casinos that allow smoking are exposed to 300-600% more secondhand smoke than if they live with a smoker at home.

Just 30 minutes' exposure has the same effects on blood and blood vessels as being a pack a day smoker.

No feasible ventilation system can protect your patrons or staff. Even tobacco companies that push such systems never claim they solve the health problem.

But going smokefree does.

In fact, medical studies find that hospitality workers breathe easier in just a few weeks.

Want to keep your business healthy? Get all the facts online, now, at TobaccoScam.ucsf.edu



TOBACCO Big
scam Tobacco
is lying.
Again.

TobaccoScam is a project of Stanton Glantz, PhD, of the School of Medicine, University of California, San Francisco. San Francisco, CA 94143-1300.

www.FdaPublicHealthCenter.org

- ▶ Servers and bartenders are more likely to suffer and die from heart disease and lung cancer than other types of workers.



No one should have to breathe tobacco smoke to hold a job.”

-Suzanne H., cocktail waitress for 14 years,
Emphysema attributed to
secondhand smoke exposure

How Tobacco Smoke Causes Disease: 2010



U.S. Department of Health & Human Services



Office of the Surgeon General

1. Even brief exposure to tobacco smoke causes immediate harm to the body, damaging cells and blood vessels, and inflaming tissue in ways that can lead to serious illness and death.
2. Tobacco smoke damages DNA, leading to cancer.
3. The chemicals in tobacco smoke inflame the delicate lining of the lungs and can cause permanent damage, reducing the ability of the lungs to exchange air efficiently and leads to chronic obstructive pulmonary disease (COPD).
4. Secondhand smoke triggers heart attacks.

Secondhand Smoke Costs Billions

\$\$\$\$\$ sick care \$\$\$\$\$

- ▶ Annual health care expenditures and lost productivity solely from secondhand smoke exposure: **\$10 billion**

Society of Actuaries, 2005

\$10 billion would:

- ▶ More than double Kentucky's 2010 Pre-K through 12 education budget
- ▶ Put 231,000 Americans back to work for a year

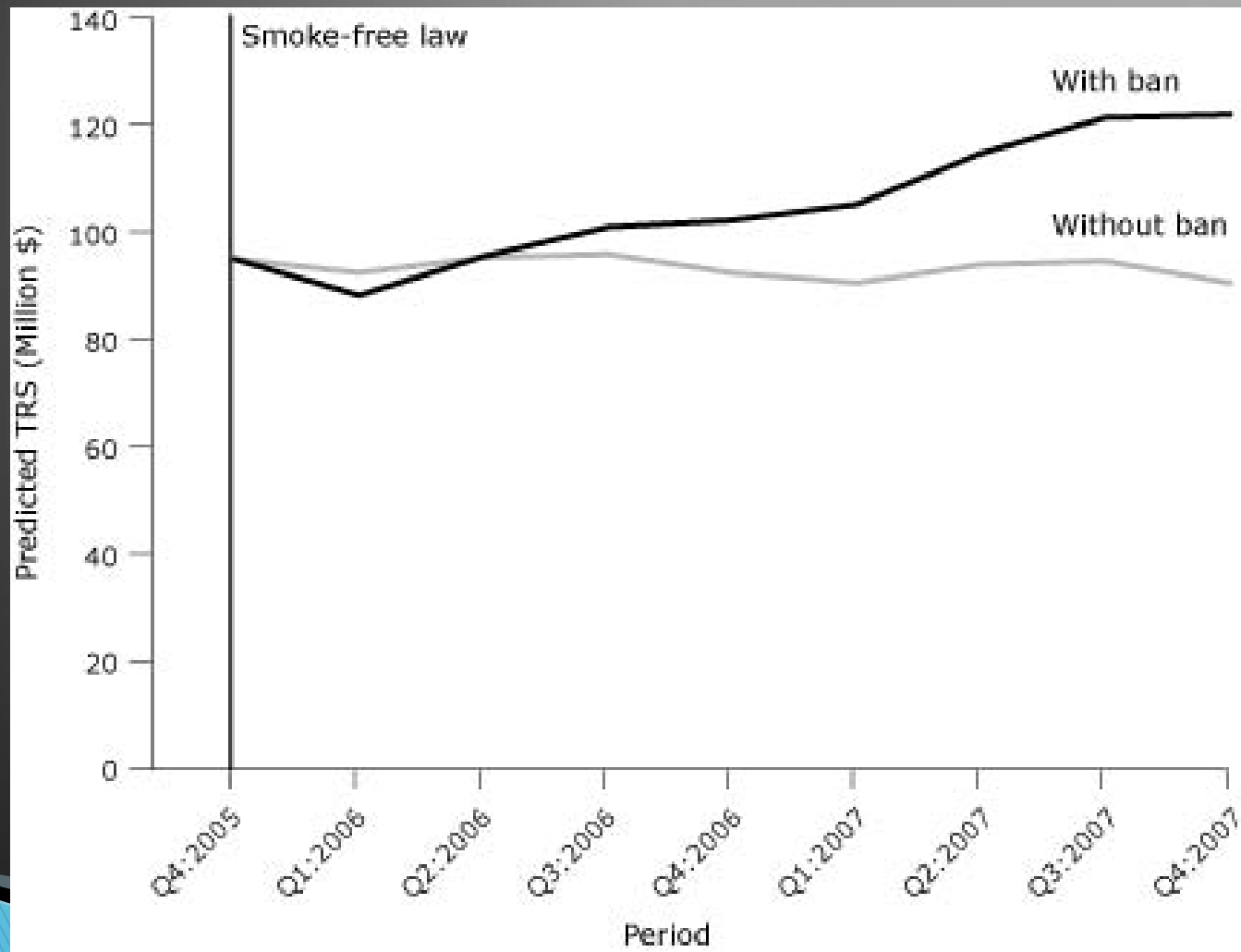
All legitimate economic impact studies show that business improves or remains the same after smoke-free laws.



Published Reviews of Economic Studies

- ▶ Eriksen M, Chaloupka F. The economic impact of clean indoor air laws. *Cancer J Clinicians* 2007;57:367-78.
- ▶ Scollo M, Lal A, Hyland A, Glantz S. Review of the quality of studies on the economic effects of smoke-free policies on the hospitality industry. *Tob Control* 2003;12(1):13-20.

\$105.5 Million Additional Taxable Retail Sales for Bars after Washington's Smoke-free Law



A Few Highlights from Recent SF Economic Studies

- ▶ 1.8% increase in per capita employment after New York City's law (Hyland & Tuk, 2001)
- ▶ MN cities with smoke-free laws had higher total and liquor sales revenues than those without laws (Collins et al., 2010).
- ▶ No significant changes in bar or restaurant employment in rural and urban regions after Minnesota's statewide smoke-free law (Klein et al., 2010)
- ▶ No significant effect on the probability of employee separation (Thompson et al., 2008)

Smoke-free did not Harm Business in Lexington, Kentucky

- An average of 400 additional restaurant employees per month (3% of total restaurant employment)
- Bar employment stable
- No change in business openings or closings



Pyles, M, Mullineaux, DJ, Okoli, CTC, Hahn, EJ. (2007). Economic impact of a smoke-free law in a tobacco-growing community. *Tobacco Control*, 16(1).

Smoke-free Laws Do Not Affect Employee Turnover

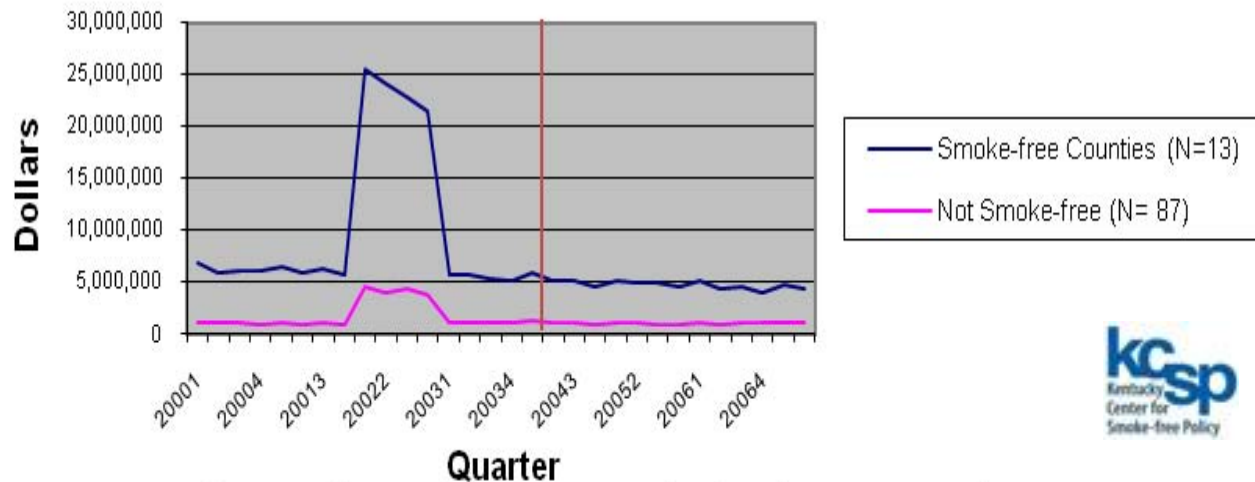
- ▶ No overall relationship between smoke-free laws and employee turnover.
- ▶ Small annual increase in training costs, if any.



Thompson, E., Hahn, E.J., Blomquist, G., Garen, J., Mullineaux, D., Ogunro, N., Rayens, M.K. (2008). Smoke-free laws and employee turnover. Contemporary Economic Policy, 26(3):351-359.

Smoke-free Laws Have No Effect on Bingo Revenues, Kentucky 2000-2007

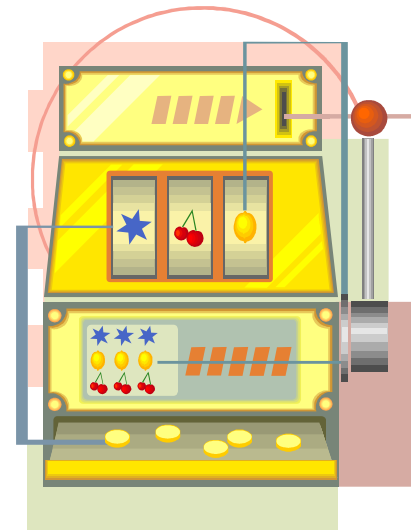
Chart 1: Total Revenues from Charitable Gaming by Existence of Smoke-free Ordinance, Quarterly Averages, 2000-2007



Pyles, M.K. & Hahn, E.J. (2009). Smoke-free legislation and charitable gaming in Kentucky. *Tobacco Control*, 18, 60-62.

Smoke-free Laws and Gaming

- ▶ In Victoria, Australia, slowing of previous gambling losses after smoke-free legislation (Lal & Siahpush, 2008)
- ▶ Gaming revenues did not decline in Delaware after their state smoke-free law (Mandel et al., 2005; Glantz et al., 2005)



Smoke-free Laws Do Not Have a 'Spillover' Effect

- ▶ When controlling for economic variables, county-specific effects, and time trends, there is no evidence of a disproportionate change in economic activity in Ohio or Kentucky border counties relative to their non-bordering counterparts.
- ▶ There was no evidence of a relationship between Ohio's smoke-free law and economic activity in Kentucky border counties.

Pyles, M. &, Hahn, E.J. (2011). Economic effects of Ohio's smoke-free law on Kentucky and Ohio border counties. *Tobacco Control*, 20(1):73-6.

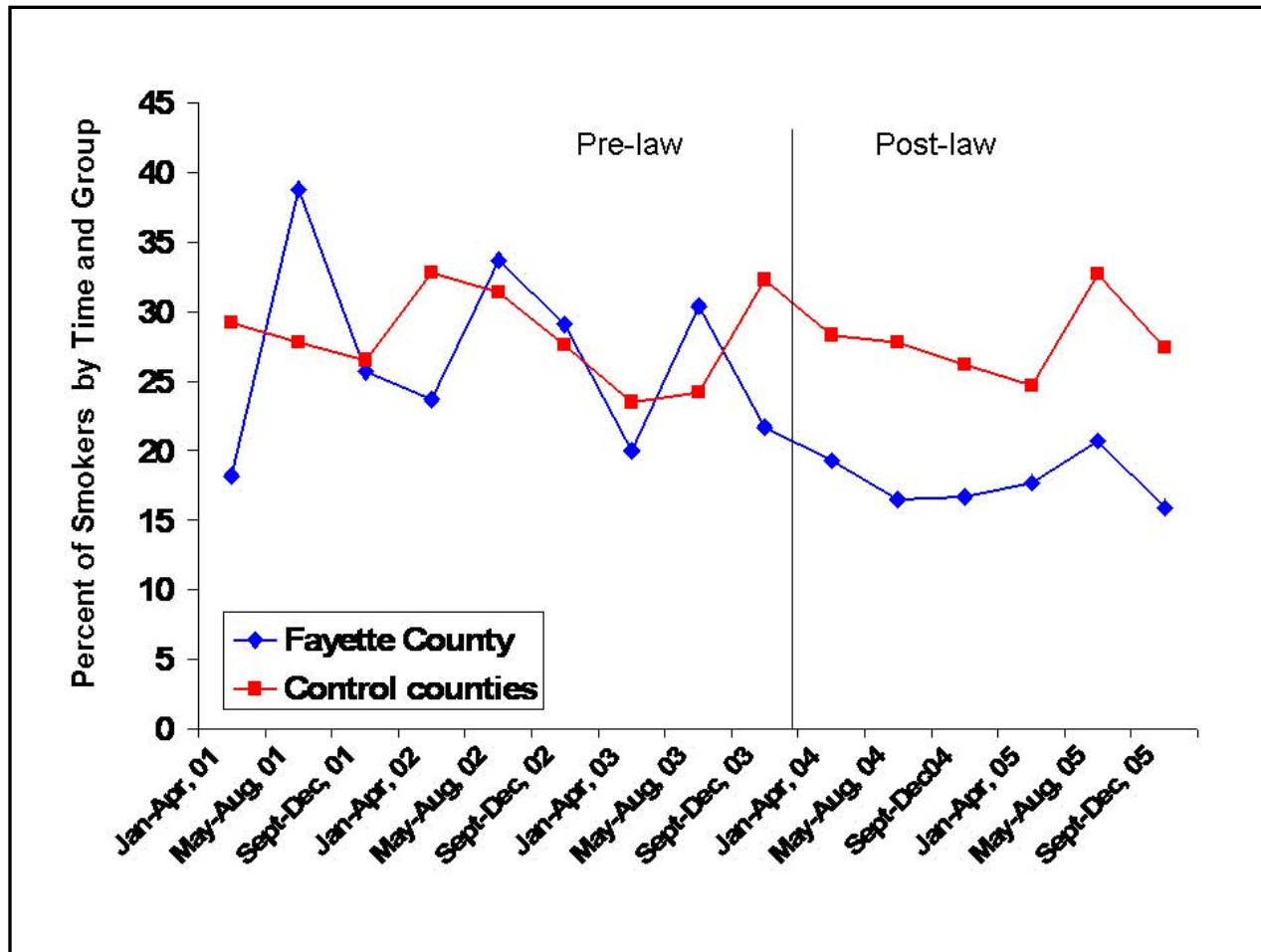
Smoke-free Laws in Rural Communities Do Not Harm Business

- ▶ No economic harm from smoke-free laws regardless of rurality.
- ▶ There were no negative economic effects of smoke-free laws in rural communities regardless of level of law (state vs. local).



Pyles, M & Hahn, EJ. (pending review). Economic effects of smoke-free laws on Kentucky and Ohio rural and urban counties.

A 32% Reduction in Adult Smoking Saved Lexington an estimated \$21 million per year in Healthcare Costs




Hahn, E.J., Rayens, M.K., Butler, K.M., Zhang, M., Durbin, E., and Steinke, D. (2008). Smoke-free laws and adult smoking prevalence. *Preventive Medicine*, 47: 206-209.

What Makes a Good Economic Study?

- Objective data on business activity
 - Revenues (sales tax revenues, total revenues)
 - Employment
 - Number of licensed establishments
 - Not subjective reports of expected revenues or owner assessments of how much business is down after policy adoption
- Use of representative samples
 - Analysis of existing data on ALL businesses
 - Not convenience samples of current patrons or business owners who show up at hearings



What Makes a Good Economic Study?

- Use of appropriate control group
 - Comparable communities where similar policy changes have not occurred
 - Sufficiently long period before and after the policy change
 - Allows assessment of underlying trends
 - Does not focus on transitory effects as smokers and non-smokers adapt to policy change
 - Accounts for other factors that affect outcomes of interest
 - e.g. underlying economic and labor market conditions such as unemployment & population changes
- 

What Makes a Good Economic Study?

- ▶ Use of appropriate statistical methods
- ▶ Most likely to be published in peer-reviewed journals
- ▶ Not funded by the tobacco industry or other anti-health groups



Even the Tobacco Industry Agrees

“Financial impact of smoking bans will be tremendous – 3 to 5 fewer cigarettes per day per smoker will reduce annual manufacturer profits a billion dollars plus per year.”

-Philip Morris, 1994

Anti-health Groups Promote Myths to Derail Smoke- Free efforts.

“Smoke-free laws hurt business.”



Negative Economic Study Findings Typically Funded by Tobacco Industry

- ▶ In an analysis of 97 economic studies of smoke-free laws published and unpublished before August 2002, all of those reporting a negative impact were supported by the tobacco industry (Scollo et al., 2003)

RJReynolds

Philip Morris USA
an Altria Company

Smoking out socialist

Kentucky's smoking nannies have made it clear: They want a state-government imposed and enforced smoking ban in every public place in the commonwealth — even in local communities that have decided otherwise.



JIM WATERS

We must stop them.

They brush aside as insignificant — or worse, ignore altogether — the right

of local governments policies that best fit the especially if those decisions are a total ban rather than a total c

For example, the state Nanny, Ellen Hahn, wife of University of Kentucky Chancellor Tommy C. Braxton, recently issued a statewide ban while in Lexington to speak to the Rotary Club.

"I think it would be the state would pass it," says Modlin, news director of Kentucky University's public



We Want You!
for FreedomKentucky.org



**Northern
Kentucky**
has a
CHOICE

Closed or Crowded

Anticipate the Opposition

Smoke and Mirrors: Exposing the Thalheimer Report

On June 7, 2005, the Lexington Food and Beverage Association (LFBA) released a report, "An Analysis of the Economic Impact of the Kentucky Smoking Ban of 2004," by Richard Thalheimer. The purpose of the report was to show that the law on demand for alcohol. Thalheimer analyzed the impact of the ordinance and claimed there had been a 9.8% to tax-free

Flawed Scientific Methods

Report Not Peer-reviewed or Independently Evaluated

Responses to Thalheimer's Criticisms of the University of Kentucky Economic Impact Study

Dr. Donald J. Mullineaux
Director, School of Management
Gatton College of Business & Economics
University of Kentucky

Lessons Learned

- ▶ Anticipate bogus 'reports' of economic loss before and after the law is implemented.
- ▶ Partner with a well-respected, 'neighborhood' economist!
- ▶ Prepare rebuttal documents and talking points for anticipated opposition.
 - Get out in front of the train ('timing is everything')
- ▶ Sound economic impact analysis essential to a successful smoke-free campaign
 - Wards off attempts to exempt certain venues (i.e., bingo halls) and weaken the law post-implementation

Tobacco is now
the world's
leading killer.
We have the
proven means to
reduce tobacco
use, but
policymakers are
not yet applying
these
interventions.

*Mayor Michael
Bloomberg, NYC*



For More Information

Kentucky Center for Smoke-free Policy

www.kcsp.uky.edu

Follow us on Twitter and Facebook!

kysmokefree

www.mc.uky.edu/tobaccopolicy

eihahn00@email.uky.edu

77-2358

