

Economics and Smoke-free Laws

There is no longer any doubt in the scientific community that smoke-free laws have no negative impact on bars and restaurants. Peer-reviewed scientific studies show no economic impact and in some cases, a positive impact on bars and restaurants.

- In a summary of 49 economic studies, there was no negative economic impact from smoke-free laws on restaurant or bars in 47 of the 49 studies. All 47 studies used objective measures such as employment and/or taxable sales receipts; data were analyzed several years before and after the smoke-free laws; and appropriate statistical tests were used to adjust for underlying economic trends (e.g., unemployment, labor force conditions) and seasonal fluctuations in data.ⁱ
- The few reports that show negative economic impact predict economic harm before the laws take effect, or they use subjective reports of estimated reductions in business, rather than actual, objective, verified or audited data after the laws take effect. These studies are funded predominantly by the tobacco industry or associated groups. Almost none of the studies finding a negative impact are published in peer-reviewed journals.ⁱ

What Makes a Sound Economic Study?

In order for a scientific economic study to be considered a reliable source of information, the following factors must be considered:

- The study measures what actually happened and not just what people feared would happen;
- The study uses hard numbers such as actual revenues or employment statistics collected by an unbiased source;
- The study includes information from a reasonable time before the smoke-free policy went into effect and accounts for underlying trends and random fluctuations in the business cycle;
- The study uses *at least* one year of data (usually 4 quarters) before and after the ordinance;
- The source of funding for the study is disclosed;
- The study is published in a scientific, peer-reviewed journal;
- The study is financed by an organization that has no ties to the tobacco industry.

How do Smoke-free Laws Affect Employment?

- In Lexington, employment in bars remained stable after the smoke-free law took effect. Restaurant employment increased by 3%, resulting in 400 more employees per month. The study analyzed data 5 years prior to and 14 months after the law took effect in April 2004.ⁱⁱ
- In New York City, the number of restaurant jobs increased by 18% after the smoke-free law took effect. Data were analyzed two years before and two years after the law took effect in April 1995.ⁱⁱⁱ

How do Smoke-free Laws Affect Sales Tax Receipts?

- In El Paso, Texas, there was no change in restaurant, bar and mixed beverage sales tax receipts comparing the 12 years preceding and one year following the smoke-free law.^{iv}
- In California and Colorado, there was no change in taxable restaurant or bar sales revenues after the implementation of local smoke-free laws.^v

How do Smoke-free Laws Affect Employee Turnover?

- Restaurant workers in smoke-free cities are just as likely to stay on the job as those who work in cities without smoke-free laws. Business owners in smoke-free cities do not experience higher training costs associated with hiring new workers. In a study of payroll records from a national full-service restaurant chain franchisee operating 23 restaurants in Arizona, there was no effect of smoke-free laws on employee turnover.^{vi}

How do Smoke-free Laws Affect Tourism and Economic Development?

- A study comparing hotel revenues and tourism rates before and after passage of smoke-free laws in three states and six cities found that such laws do not adversely affect, and may actually increase, tourism.^{vii}
- Chambers of Commerce all over the country are speaking out in support of smoke-free laws.^{viii} The Louisville Chamber of Commerce President believed that Louisville's comprehensive smoke-free ordinance gave the city an economic advantage and assisted the Chamber in "ultimately helping us reach our vision of becoming an economic hot spot."^{ix}

An Opposition Argument: Employees Can Change Jobs

- There are many conditions that can limit a worker's ability to change jobs including: (a) tightening job markets; (b) dependent family members reliant on steady income; and (c) limited time to find new employment. In addition, other job opportunities may be less lucrative given a worker's skill level, as is frequently the case in service industry positions.

Note. Hospitality workers are disproportionately affected by secondhand smoke compared to other workers. Nationally, only 28% of waiters and 13% of bartenders are protected by smoke-free policies, compared to over 75% of white-collar workers.^x As a consequence, nonsmokers who work in restaurants are 50% more likely to develop lung cancer and 20-30% more likely to contract heart disease than nonsmokers in the general public.^{xi}

ⁱ Scollo M, Lal A. Summary of studies assessing the economic impact of smoke-free policies in the hospitality industry - *includes studies produced to 31 January 2008. Melbourne: VicHealth Centre for Tobacco Control; February 2008. <http://www.vctc.org.au/tc-res/Hospitalitysummary.pdf> (Accessed July 15, 2008).

ⁱⁱ Pyles, M.K.; Mullineaux, D.J.; Okoli, C.T.C.; Hahn, E.J., "Economic effect of a smoke-free law in a tobacco-growing community," *Tobacco Control* 16(1): 66-68, February 1, 2007.

ⁱⁱⁱ Hyland, A.; Cummings, K.M., "Restaurant employment before and after the New York City Smoke-free Air Act," *Journal of Public Health Management and Practice* 5(1): 22-27, January 1999.

^{iv} Centers for Disease Control and Prevention. "Impact of a smoking ban on restaurant and bar revenues—El Paso, Texas, 2002," *MMWR*, 53(7): 150-152, February 2004.

^v Glantz SA; Smith LR. The effect of ordinances requiring smoke-free restaurants and bars on revenues: A follow-up. *American Journal of Public Health*, 87:1687–1693, 1997.

^{vi} Thompson, E., Hahn, E., Blomquist, G., Garen, J., and Mullineaux, D., "Smoke-Free laws and employee turnover," *Contemporary Economic Policy*, 26(3): 351-359, July 2008.

^{vii} Glantz & Charlesworth, "Tourism and hotel revenues before and after passage of smoke-free restaurant ordinances," *Journal of the American Medical Association*, 281 (20): 1911-1918, May 1999.

^{viii} Americans for Nonsmokers' Rights, "Chambers of commerce support smokefree air as a good business decision," Fact Sheet, November 2006.

^{ix} Gerth, J. "Chamber to back smoke ban: Business group's stance is new," *Louisville (KY) Courier-Journal*, June 4, 2005. Downloaded at <http://www.courier-journal.com/apps/pbcs.dll/article?AID=/20050604/NEWS01/506040422>. Accessed on June 6, 2005.

^x Shopland DR, Anderson CM, Burns DM, Gerlach KK. "Disparities in smoke-free workplace policies among food service workers," *Journal of Occupational and Environmental Medicine* 46(5): 347-356, May 2004.

^{xi} Siegel, M. "Involuntary smoking in the restaurant workplace: A review of employees exposure and health effects," *Journal of the American Medical Association*, 270(4):490-493, July 1993.

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