

Smoke-Free Indoor Air:

Good for Health. Good for Business.

Economic Concerns & Smoke-Free Policy Change

*The 2006 Surgeon General's Report, states that
"evidence from peer-reviewed studies shows that smoke-free policies and regulations
do not have an adverse economic impact on the hospitality industry."*

Background:

Opposition groups predict economic doom when a smoke-free law is being considered in any community. This myth originated with the tobacco industry and its public relations firms.

"The economic arguments often used by the industry to scare off smoking ban activity were no longer working, if indeed they ever did. These arguments simply had no credibility with the public, which isn't surprising when you consider that our dire predictions in the past rarely came true."

*(David Laufer, Philip Morris. Quoted in: Laufer, D. "Draft 7/8/94 Presentation #4," Philip Morris website
<http://www.pmdocs.com>)*

As of January 2009, more than 16,505 municipalities are covered by a 100% smoke-free provision for workplaces, and/or restaurants, and/or bars, representing more than 70% of the U.S. population, and it is only tobacco industry-funded studies that have shown any economic loss.

All credible, reputable studies, **based on the impartial data of sales tax receipts**, clearly show that there is no adverse impact on business. In 1987 in California, political operatives of the tobacco industry created, out of thin air, **the myth that restaurants would lose 30%** of their revenue as a result of smoke-free air ordinances.

Today, the percentage has inflated to claims of 40% to 50% in economic losses for business. Despite the fact that these declines have never come to pass in any community in the country, the opposition has not stopped trying to use this myth to divert attention away from the health-basis of smoke-free air laws. It's a tactic to simply make up figures like these on the assumption that they will not be challenged.

Since the tobacco industry and its allies do not have any valid, scientific facts to show that smoke-free air laws result in loss of revenue, **they typically emphasize anecdotal stories about how some restaurant owner allegedly lost money after implementation of such a law**. These anecdotal stories are neither supported by documented facts nor do they take other factors into consideration, such as seasonal fluctuations or the fact that individual restaurants may have bad food, are no longer trendy, have poor customer service, etc. Businesses turn over all the time, in ways not related to smoking regulations.

Facts:

Every independent economic impact study examining sales tax data has found **no negative economic impact from secondhand smoke laws** in communities across the country, and some have found an increase in business. The only studies showing economic losses have been conducted or paid for by the tobacco industry. Their studies are based on business owners' perceptions rather than **sales tax data**, and are designed to scare communities from passing smoke free air laws.

The **2006 Zagat Survey: America's Top Restaurants** of 115,000 Americans found that 58 percent of respondents said they would dine out the same amount if restaurants were smoke-free and 39 percent would dine out more. Only 3 percent said they would dine out less often.

Case Studies:

Ballwin, MO

enacted a 100% smoke-free policy on January 1, 2006.

Comparing 2006 sales tax data to the years 2004 and 2005 **shows no significant change** in restaurant related revenue as a whole. (*City of Ballwin*)

Tom Akin, economic development director in Ballwin, said life after the ban has remained status quo. After reviewing business license fees, which are based on gross receipts, two years prior to and one year following the ban, there was no dramatic difference in any business's numbers. (*St. Louis Post-Dispatch, 6/28/07*)

Springfield, IL

enacted a 100% smoke-free policy in September 2006

The city's tax revenue from bars and restaurants grew after the ban. (Illinois Dept of Revenue)

In the first two quarters since the ban was enacted, **city tax revenue from restaurants grew twice as fast as before the ban.** (*Springfield Journal Register, September 9, 2007*)

Restaurants' contribution to the city's share of sales tax in 2006's fourth quarter increased by 10 percent over the same period in 2005 (before the ban went into effect). **Restaurant contributions during the first quarter of 2007 were 7 percent higher than the same period in 2006 (pre-smoking ban).** (*Springfield Journal Register, September 9, 2007*)

For bars, their contribution to the city's share of the state sales tax in the fourth quarter of 2006 was 4.81 percent higher than the same period in 2005. Revenue had seen double-digit growth the previous three quarters. **Bar contributions during the first quarter of 2007 increased 12.2 percent over the same period in 2006.** (*Springfield Journal Register, September 9, 2007*)

Appleton, WI

enacted a 100% smoke-free policy in 2005, population of 70,000 people

No closures of any bar on the city side of the Appleton border with neighboring communities. Opponents of smoke-free bars predicted a financial catastrophe and numerous closings for bars located adjacent to neighboring communities. However, data indicates that there has not been a single bar closure in those areas. This indicates people stay in their local community and do not "drive to smoke." (*source - City Health Department – Appleton*)

On average, **the assessed value of property in the Appleton's Central Business District increased by 32%** since the last assessment in 2003. The city's central business district, home of many bars, has thrived since the ordinance. More people feel welcome in bars and restaurants and this has jumpstarted the financial recovery of this key sector of the urban economy. (*source - City Assessor's Office – City of Appleton*)

El Paso, TX

enacted a 100% smoke-free policy in 2002, population of 563,000 people

No decline in total restaurant or bar revenues occurred in El Paso, Texas, after the city's smoking ban was implemented on January 2, 2002. (*CDC, 2002*)

Of those El Paso residents surveyed in 2001, **26.8% responded that they would eat out more often if restaurants were smoke-free**, 62.9% responded that they would eat out the same amount, and 10.4% responded that they would eat out less often.