



## **Economic Impact of Smoke-free Laws on Local Economies:** Peer-reviewed studies show no negative impact; many document economic growth following public smoking bans

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### **Memo Summary**

The 2006 US Surgeon General's exhaustive report, *The Health Consequences of Involuntary Exposure to Tobacco Smoke*, completely refutes the tobacco industry's argument that public smoking bans have a negative impact on local economies. The report draws from numerous scientific and peer-reviewed studies to show that there has been no negative economic impact as a result of public smoking bans. In fact, a number of studies have shown growth in sales and revenue among restaurants and bars on account of smoke-free laws.

With regard to studies that report a negative economic impact on businesses and local economies, the Surgeon General's report documents that all of these studies were supported by the tobacco industry, used subjective measures such as a proprietor's projections rather than actual sales data, and were not subject to peer-review.

**Link:** [http://www.cdc.gov/tobacco/data\\_statistics/sgr/sgr\\_2006/index.htm](http://www.cdc.gov/tobacco/data_statistics/sgr/sgr_2006/index.htm)

### **Smoking Bans have NO Negative Economic Impact**

Chapter 10 of the Surgeon General's report, *Economic Impact of Smoking Restrictions on the Hospitality Industry*, page 613, thoroughly refutes the tobacco industry's contention that public smoking bans have a negative impact on local businesses and economies (**Link:** <http://tinyurl.com/2v7yd5>). The report draws on numerous scientific and peer-reviewed studies that examine sales tax, revenue, and employment data before and after smoking bans are implemented. The report finds that

“Regardless of the outcome measured, the studies found no evidence of negative economic impacts.”

### **Examples of Scientific and Peer-Reviewed Studies**

As discussed in Chapter 10 of the Surgeon General's Report, one of the first studies of the economic impact of public smoking bans in **California** and **Colorado** “found no effect on the fraction of total retail sales that went to restaurants or on the ratio of restaurant sales in communities with ordinances compared with restaurant sales in control communities without such ordinances.” A follow up study that included bars and restaurants, including establishments with licenses to serve all types of liquor, similarly

found no negative impact of smoking bans on total retail sales when compared with communities without such ordinances.

Other studies have found similar results. A 2004 analysis of the economic impact of a ban on smoking in all public places and workplaces, including bars and restaurants, in **El Paso, TX**, found “that there were no statistically significant changes in restaurant and bar revenues after the ordinance was implemented” in 2002.

### **Bans Result in Increased Business and Sales**

Study after study, measuring different economic and consumer trends, shows that smoking bans do not have a negative impact on local economies and business revenue. In fact, many studies show the opposite.

### **Examples of Scientific and Peer-Reviewed Studies**

A 1999 study using taxable sales data from eating and drinking establishments in New York City “observed a 2.1 percent increase in sales following implementation of a citywide smoking ban in restaurants compared with sales two years before the law took effect. At the same time, taxable sales in eating and drinking establishments in the rest of the state declined by 3.8 percent.”

California enacted a smoke-free restaurant law in 1995 and a smoke-free bar law in 1998. An analysis of tax revenue from 1990 to 2002 showed an increase in restaurant and bar revenue after the respective bans went into effect. One of the most exhaustive studies of the economic impact of smoking bans, measuring sales tax receipts, revenues, employment and the number of liquor licenses issued, showed across-the-board growth after New York City and State implemented clean indoor air laws. The 2004 study by the New York City Department of Finance found that restaurant and bar tax receipts increased by 8.7%, employment in restaurants and bars increased by about 2,800 seasonally adjusted jobs for an absolute gain of 10,600 new jobs, and there was a net gain of 234 new liquor licenses for restaurants and bars.

### **Additional Resources:**

- **American Lung Association** – Tobacco Policy Trend Alert, September 2004 – *Fuzzy Math, How the Tobacco Industry Distorts the Truth about the Economic Effects of Smoke-free Restaurants and Bars* – **Link:** <http://tinyurl.com/2x4unw>  
**Key finding:** “No objective, peer-reviewed study ever conducted has found a significant negative economic impact associated with smoke free air legislation. Some have even found a positive economic effect.”
- **News Report:** Salisbury, Maryland, *The Daily Times*, 2-16-08
  - “Clean air brings more restaurant patrons: Many restaurants report steady or rising business after state bans smoking indoors”  
**Link:** <http://tinyurl.com/2zez9u>
- **Map:** Smoke-free Restaurant and Bar Laws  
**Link:** <http://www.tobaccofreekids.org/phillypoll/SmokeFreeMap.pdf>