

# Economics and Smoke-free Laws



*“There is no evidence that the economies in Kentucky counties were affected in any way from the implementation of local smoke-free laws... Furthermore, there is no evidence that either rural or urban counties experienced a loss of economic activity following smoke-free legislation.”*

– Pyles and Hahn (p. 3, 2011)<sup>1</sup>

**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.<sup>2</sup>
- 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.<sup>2</sup>

## What Makes a Sound Economic Study?

In order for an economic scientific study to be considered a reliable source of data, the following factors must be considered. The study must:

- ✓ Measure what actually happened and not just what people feared would happen
- ✓ Use hard numbers such as actual revenues or employment statistics collected by an unbiased source
- ✓ Include information from a reasonable time before the smoke-free policy went into effect and account for underlying trends and random fluctuations in the business cycle
- ✓ Use *at least* one year of data (usually 4 quarters) before and after the law
- ✓ Disclose the source of funding for the study
- ✓ Be published in a scientific, peer-reviewed journal
- ✓ Be financed by an organization that has no ties with 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.<sup>3</sup>
- 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.<sup>4</sup>

## How do Smoke-free Laws Affect Sales Tax Receipts?

- In 1995, California implemented a smoke-free restaurants regulation; in 1998 they implemented a smoke-free bars regulation. Based on a 12 year analysis (from 1990-2002), revenues increased in both venues after passing the laws.<sup>5</sup>
- Two years after implementation of a smoke-free law covering bars and taverns in the state of Washington, revenues for bars and taverns were \$105.5 million more than expected.<sup>6</sup>

## 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.<sup>7</sup>

*For more information, contact the Kentucky Center for Smoke-free Policy  
University of Kentucky College of Nursing, 859-323-4587 or [www.kcsp.uky.edu](http://www.kcsp.uky.edu).*



***“Going smoke-free has been great for my business.”***

–Jim Sawyer (Owner, Sawyer’s Grille, Lexington, Kentucky)

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

- In California, which includes the tourist-oriented cities of San Francisco and Los Angeles, restaurants, bars, hotels, and tourism were not adversely affected following implementation of the state's smoke-free workplace and restaurant law.<sup>8</sup>
- A study comparing hotel revenues and tourism rates before and after passage of 100% smoke-free restaurant laws in three states and six cities found that such laws do not adversely affect, and may actually increase, tourism.<sup>9</sup>
- Chambers of Commerce all over the country speak out in support of smoke-free laws.<sup>10</sup> The Louisville Chamber of Commerce President felt 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.”<sup>11</sup>
- A study conducted in Kentucky found that smoke-free legislation had no effect on charitable gaming revenues.<sup>12</sup>

### **How do Smoke-free Laws affect Neighboring Communities?**

- After Ohio passed a statewide law restricting smoking in all indoor workplaces, some thought that business might decline in the Ohio counties that bordered Kentucky (which had no law) and increase in the Kentucky counties that bordered Ohio. In a study that observed business activity 6 years before the Ohio law and 1 year after, none of the counties (in either state) had a change in business.<sup>13</sup>

### **Employees Typically Cannot Choose Where They Work**

- There are many conditions that can limit a worker’s ability to change jobs or positions 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.
- Bottom line: Everyone deserves the right to breathe smoke-free air!



#### **Watch Online!**

***Smoke-free Laws: Good for Business***

<http://tinyurl.com/6gpk534>

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