



## Smoke-Free Policies: Good For Business

The American Cancer Society supports local, state, and federal initiatives to stop public exposure to secondhand smoke. In 1993, the United States Environmental Protection Agency (EPA) released a landmark report, documenting the link between secondhand smoke, cancer and other chronic diseases. Since that time, many communities have decided to go smoke-free, protecting the health and lives of their residents.

Tobacco companies spent years trying to discredit the science regarding secondhand smoke...and are consistently proven wrong by medical and public health authorities. The 2006 Surgeon General's Report, *The Health Consequences of Involuntary Exposure to Tobacco Smoke*, effectively ended the debate considering the harm of secondhand smoke – there is no risk-free level of exposure to secondhand smoke.<sup>1</sup> Yet, the tobacco companies have a history of fighting smoke-free initiatives, most recently mounting multi-million dollar opposition campaigns in Arizona, Nevada and Ohio in 2006. Citing the benefits of smoke-free policies and the lack of evidence that smoking restrictions would have a devastating effect on businesses, the Institute of Medicine in its 2007 report, *Ending the Tobacco Problem: A Blueprint for the Nation*, recommends enacting “complete bans on smoking in all nonresidential indoor locations, including workplaces, malls, restaurants, and bars.”<sup>2</sup> The evidence clearly shows that smoke-free initiatives are good for everyone, including businesses and their workers.

### **FACT: Smoke-free Laws Do NOT Harm Restaurant Sales**

- On March 30, 2003, New York City passed one of the strongest, and arguably, one of the most contentious smoke-free ordinances in the country. Fueled in part by the tobacco industry's propagandist machine, many restaurant owners believed their businesses would fail under the new ordinance. Yet, one year after the law went into effect, New York City bars and restaurants were booming. Data from the New York City Department of Finance show that tax receipts increased by 8.7 percent, or approximately \$1.4 million. Moreover, the New York State Department of Labor found no evidence that restaurants were closing as a result of the smoke-free law, and the rate of restaurant openings remained unchanged since the law went into effect.<sup>3</sup>
- Over the years, many studies have reached similar conclusions—that smoke-free restaurant ordinances do not harm restaurants' sales. These studies looked at smoke-free ordinances from different parts of the country during different economic cycles. They include communities in California, New York, Massachusetts, Texas, Arizona, Indiana, Wisconsin, Florida, Maryland, and Kentucky.<sup>4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20</sup>
- For example, researchers compared aggregate restaurant receipts of 32 Massachusetts communities that adopted smoke-free restaurant and/or bar policies between January 1992 and December 1995 with the receipts of 203 communities that did not. The study found that smoke-free laws do not cause a significant change in communities' overall meal and alcohol revenues. Only seasonal changes and changes in a community's population were shown to have an effect on restaurant and bar revenues.<sup>21</sup>
- Even in the tobacco growing state of North Carolina, where adult smoking rates are higher than the national average, researchers found that smoke-free restaurant ordinances did not impose economic hardships on restaurants or restaurant owners. Researchers compared the impact of smoke-free ordinances on restaurant sales in ten North Carolina counties—five with smoke-free ordinances and five without—and concluded that there were no differences in restaurant sales among the ten counties after the ordinances took effect.<sup>22</sup>

- Restaurant owners should also be interested to know that smoke-free ordinances may increase the resale value of their business. Smoke-free restaurants in California and Utah had a 16 percent median, or \$15,300, increase in sale price compared to restaurants in communities where smoking was permitted.<sup>23</sup>
- More people are demanding smoke-free establishments. In a June 2003 Zogby International poll of registered voters, 63 percent of New Yorkers approved of the state Clean Indoor Air Act (CIAA) in comparison to 35 percent who opposed the law. The poll showed greater support among New York City voters, with 69 percent overall support.<sup>24</sup> A 2004 Zagat New York City Survey showed that 23 percent of those surveyed said they would patronize smoke-free restaurants on a more regular basis, which is nearly six times higher than the four percent of survey participants who reported they would frequent restaurants less often than they did before the smoking ban.<sup>25</sup>
- The Bowling Proprietors' Association of America (BPAA) found that more bowling centers were choosing to go smoke-free voluntarily. The BPAA also found that fewer bowlers smoke and the top reason why people choose not to bowl is because of the smoky environment. Moreover, non-smoking bowlers outspent smokers, making nonsmokers a lucrative customer base.<sup>26</sup>

#### **FACT: Smoke-free Laws Do NOT Harm Bars**

- No independent study has proven that smoke-free laws negatively affect the bar industry. Research looking at communities in California, Massachusetts, Oregon, Texas, New York, Florida, Maryland, and Kentucky showed that smoke-free ordinances had no negative effect on bar sales.<sup>27,28, 29,30,31,32, 33, 34, 35</sup> In fact bar businesses are not more sensitive to changes in smoking behavior than other hospitality businesses.<sup>36</sup>
- Researchers compared California bar sales for the first five cities and two counties requiring all bars to be smoke-free with bar sales of comparable cities and counties in the state that did not. Smoke-free ordinances were found to have no effect on aggregate bar sales.<sup>37</sup>
- Since New York City's smoke-free law went into effect in 2003, the New York State Liquor Authority has issued more liquor licenses to the city's restaurant and bar establishments. Compared to 2002, there were a reported 9,747 active liquor licenses in the city in 2003, a net gain of 234.<sup>38</sup>
- One of the most recent studies to look at the relationship between smoke-free ordinances and bar revenues was conducted in El Paso, Texas by the Texas Department of Health (TDH) and the CDC. Researchers concluded that the sales of alcoholic beverages were not affected by the El Paso smoke-free ordinance.<sup>39</sup> Similar results were found in the state of Florida, where retail receipts for taverns, night clubs, bars which serve food, and liquor stores, remained unaffected by the state's smoke-free law. Of particular note, the number of people employed in Florida's drinking and eating establishments increased by 4.53 percent after the smoke-free law went into place.<sup>40</sup>

#### **FACT: Smoke-Free Laws Do NOT Increase Unemployment**

- Opponents of smoke-free laws cite unemployment as another reason why smoking bans are bad. To examine the merits of this claim, researchers assessed the number of restaurants and the number of restaurant employees. What researchers learned is that restaurants were more profitable with a smoke-free ordinance in place.
- Today, New York City's hospitality workers are doing exceptionally well despite claims that the smoke-free law would have a negative impact. Between March 2003 and December 2003, New York City reported 10,600 new jobs in its bars and restaurants.<sup>41</sup> In fact, despite the city's post-9/11 hardship, 164,000 workers are employed in the city's bars and restaurants—the highest number recorded in the last 10 years.

### **FACT: Smoke-Free Laws Do NOT Reduce Tourism**

- Several studies have shown that smoke-free policies do not affect tourism or hotel/motel revenues.<sup>42,43,44, 45, 46</sup>
- One study found that smoke-free laws were associated with increased hotel revenues in four localities: Los Angeles, California, New York City, New York, Mesa, Arizona, and the state of Utah.<sup>47</sup>
- Another study found that the number of tourists that visited California and New York also increased after the implementation of these states' smoke-free policies. The study also looked at seven other localities and observed no significant changes in tourist rates following the implementation of smoke-free policies.<sup>48</sup>
- The state of Florida, known for its world-class theme and amusement parks, implemented its smoke-free law on July 1, 2003. The law prohibits smoking in most of the state's enclosed workplaces. Approximately one year after the smoking ban went into effect, researchers found that there was no significant change in the number of recreational admissions across the state. Moreover, the number of people employed in the leisure and hospitality industry increased almost two percent during the year the ban was in place.<sup>49</sup>

### **FACT: Smoke-Free Laws Save Businesses Money**

- The social costs of secondhand smoke are substantial. In 2005, the estimated economic value of lost wages, fringe benefits, and services associated with secondhand smoke exposure amounted to \$4.7 billion per year nationwide.<sup>50</sup>
- In 1994, the EPA estimated the net health savings of eliminating secondhand smoke in all indoor workplaces (from reducing premature deaths and tobacco-related illness) to be between \$35 and \$66 billion a year.<sup>51</sup>
- Smoking employees have significantly higher absentee, injury, accident, and disciplinary rates than their non-smoking colleagues.<sup>52, 53, 54, 55, 56</sup>
- Other costs associated with smoking in the workplace are increased housekeeping and maintenance costs. The EPA found that if most businesses implemented smoking restrictions, nationwide, between four and eight billion dollars a year could be saved in operating and maintenance costs.<sup>57</sup>
- Some business owners have been found liable in lawsuits filed by sick employees seeking damages related to smoking in the workplace.<sup>58,59,60,61,62</sup>
- By allowing smoking in the workplace, business owners increase their costs of doing business: Employers pay increased health, life, and fire insurance premiums, make higher workers' compensation payments, incur higher worker absenteeism, and settle for lower work productivity.<sup>63,64,65,66, 67, 68, 69, 70</sup>
- A 2003 survey of air quality before and after the Delaware smoking ban was implemented concluded that the state's smoke-free law significantly reduced the risk of cancer, heart disease, stroke and respiratory disease among workers and patrons in the hospitality industry.<sup>71</sup>
- One year into New York City's smoking ban, the New York State Department of Health found tremendous gains among the city's hospitality workers; cotinine levels—a byproduct of secondhand smoke exposure—declined by 85 percent among a sample of the city's bar and restaurant workers.<sup>72</sup> In addition, 157,000 fewer adults reported being exposed to secondhand smoke.<sup>73</sup> Smoking among the city's adults declined 11 percent, resulting in 140,000 fewer smokers, preventing 45,000 premature deaths, and saving over \$500 million annually in tobacco-related health care costs, part of which are incurred by local businesses.<sup>74, 75</sup>

## Conclusion:

After looking at the facts, it becomes clear that concerns about the business costs of smoke-free policies are unfounded. The facts are that smoke-free laws are good for businesses; they're good for the people who frequent them; and they're good for the people who work in them. Anecdotal evidence does not accurately gauge the effect of smoke-free laws on business activity. Research published in leading, scientific journals has consistently and conclusively shown that smoke-free laws have no adverse effects on the hospitality industry,<sup>76,77</sup> and, in fact, can actually be good for business. The 2006 Surgeon General's Report concluded that "Evidence from peer-reviewed studies shows that smoke-free policies and regulations do not have an adverse economic impact on the hospitality industry."<sup>78</sup>

Finally, it must be taken into consideration that while restaurant and bar patrons can choose in which establishments they spend their time, workers do not have the same choice. The American Cancer Society believes that no one should have to choose between a job and good health. Therefore, the Society stands ready to work with our partners, both private and public, to implement legislative and regulatory measures that limit smoking in public places and work environments. Further, the Society opposes preemptive state legislation that restricts local authorities from regulating clean indoor air. The American Cancer Society urges policymakers and community leaders to support smoke-free efforts, so we can make life-saving progress that reduces and prevents death, suffering, and disease from tobacco.

National Government Relations Department  
Policy Team  
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<sup>3</sup> New York City Department of Finance, New York City Department of Health and Mental Hygiene, New York City Department of Small Business Services, and New York City Economic Development Corporation (2004). *The State of Smoke-Free New York City: A One Year Review*.

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