

ECONOMICS

Based on the actual experience of California, which has been smoke-free since 1995, and New York City which has been smoke free in dining rooms since that same year, plus many other localities, it has been determined that restaurant business does not suffer as a result of smoke-free policies. *(Most recently, the states of Delaware, New York, Connecticut, Maine and Florida, as well as the cities of Boston, Dallas and Tempe have gone smoke free, with similar results expected in these areas as soon as data becomes available.)*

The wisdom of the industry itself confirms that new restaurants continued to flood into these areas after their smoke-free policies are enacted.

This holds true no matter how you slice it – overall sales growth, per unit growth, compared to other retail, full liquor license versus no liquor license, etc.

To be sure, every city, county and state has a different set of circumstances to deal with when implementing a smoke-free law. Some customers are lost, some are gained, but soon business returns to normal. In the end, things should remain essentially the same and it is the economy, rather than the new smoking policy or lack of it, that drives restaurant sales.

From the mouth of Big Tobacco itself:

“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>)

Economic Impact Examples:

California:

The California smoke-free workplace law went into effect in restaurants in 1995 and in bars in 1998.

Final Taxable Sales Figures from the California Board of Equalization for 1997 showed annual taxable sales reported by owners of restaurants and bars that sold beer and wine were \$7.16 billion for that year. In 1998 sales increased to \$7.6 billion and by the end of 1999 they had jumped to \$8.27 billion.

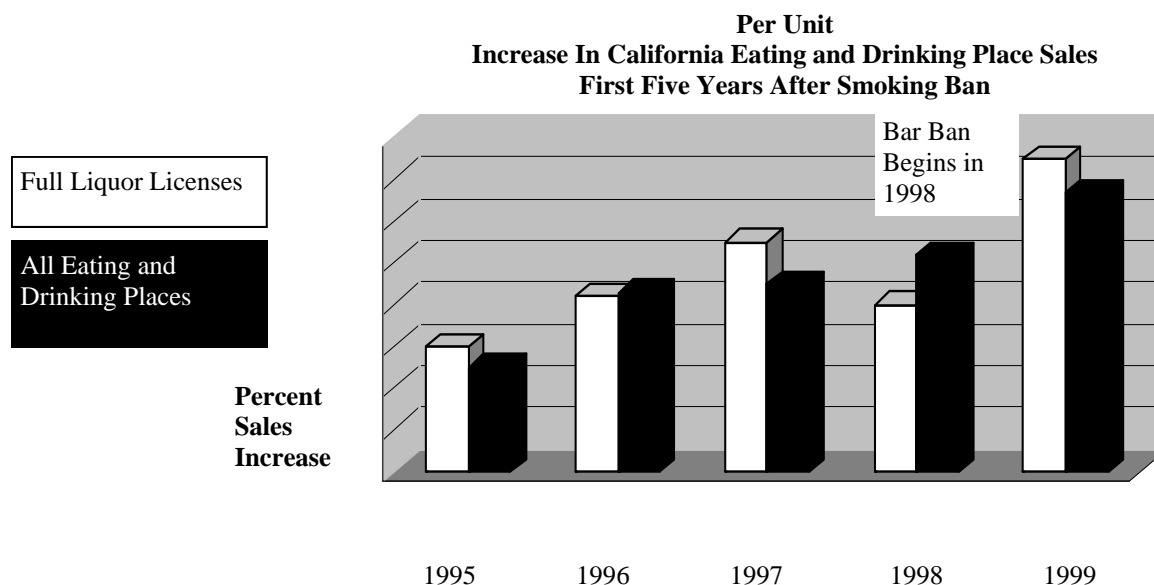
(California Board of Equalization, November, 1999).

Final Taxable Sales Figures for restaurants and bars selling all types of liquor were \$8.6 billion in 1997, before the smoke-free bar law went into effect. After the law became effective, annual taxable sales for these restaurants and bars increased to \$9.08 billion for 1998 and increased again to \$9.82 billion for 1999.

(California Board of Equalization, August, 2000)

The rate of growth in beer, wine and liquor serving restaurants and bars outpaced all retail outlet taxable sales in 1998, compared to 1997, by 7.7%.

(California Board of Equalization, November, 1999)



New York City:

New York City's workplace law covering all restaurants and bars was enacted in March of 2003.

In the first ten months after New York City's complete smoking ban went into effect, restaurants and bars paid the city 12 percent more in business taxes than the previous year. In addition to higher revenue, 2,800 seasonally adjusted new jobs were added to the city's hospitality industry.

Tourism increased by six percent.

A Zagat survey reported that 96 percent of those surveyed are eating out as much or more often since the smoke-free law took effect.

Zagat also reported that 91 restaurants had closed since the smoke-free workplace law took effect, but 174 new restaurants had opened.

Texas:

A study of Arlington, Austin and Wichita Falls, Texas, covering the years 1987 to 1999, concluded that smoke-free ordinances there had no detrimental effect on restaurant sales either in total or as a portion of overall retail sales. After the ordinances passed, restaurant sales continued to increase at rates of two to eleven percent annually.



*“Customers still come in droves!
For once, government did
something that is not only good
for the people, it's good for
business as well.”*

*Beverly Mascari
Anthony's Fish Grottos*

Employer Financial Benefits:

A smoke-free environment not only helps create a safe and healthy workplace, but can also result in a number of financial benefits:

- Furniture, carpet and drapes are not ruined by cigarette burns and are not permeated by cigarette odors. They therefore last longer and do not have to be cleaned or replaced as often.
- Tables turn over more quickly.
- Reduced number of fire incidents, and the potential for a reduced cost of fire insurance.
- Direct health care costs, including worker's comp, may be reduced.
- Former customers who were previously chased away by smokers may return and may be joined by new nonsmokers who have in the past avoided eating out.

Financial benefits when smoke-free workplace law results in employees quitting smoking or smoking less frequently:

- Reduced absenteeism
- Reduced amount of work time wasted by employees taking smoking breaks, which results in increased productivity
- Reduced life insurance premium costs
- Reduced risk of industrial accidents and occupational injuries
- Reduced disability costs
- Reduced number of disciplinary actions

