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The Economic Impact of Smoke-Free Ordinances on Texas Bar and Restaurant Revenue

Abstract from January 18, 2007 Presentation to DSHS Texas Tobacco Research Collaborative, Philip Huang, MD, MPH

Smoking Undeniable Health Hazard

Secondhand smoke is recognized as a major health hazard by several health authorities, including the U.S. Surgeon General, National Cancer Institute, U.S. Environmental Protection Agency and the World Health Organization.

Texans Beginning To Take Action

In Texas, 13 cities (Abilene, Austin, Baytown, Beaumont, Benbrook, Copperas Cove, El Paso, Houston, Laredo, Pasadena, Socorro, Vernon and Victoria) have passed 100% smoke free ordinances that include all workplaces, restaurants and bars.¹ Increasingly, other Texas communities are considering clean indoor air policies, and a bill has been filed in the Texas Senate that would make almost all indoor public places and sports arenas smoke-free.

Involuntary exposure to secondhand smoke is as much a public health issue as other known health hazards requiring public protection. Yet some continue to question the economic impact of smoke-free ordinances on some private businesses – typically restaurants, bars and clubs. What do we know about the effect of smoke-free policies on the local economy, specifically on bar and restaurant revenues?

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Customers Like Clean Air

Back in 2002, when the New York City Council was considering a proposal to eliminate smoking from all indoor public places, few opponents were more fiercely outspoken than James McBratney, president of the Staten Island Restaurant and Tavern Association.

He frequently ripped the mayor as a billionaire dictator with a prohibitionist streak that would undo small businesses like his bar and his restaurant. Visions of customers streaming to the legally smoke-filled pubs of New Jersey kept him awake at night.

Asked last week what he thought of the now two-year-old ban, Mr. McBratney sounded changed. “I have to admit,” he said sheepishly, “I’ve seen no falloff in business in either establishment.” He went on to describe what he once considered unimaginable: Customers actually seem to like it and so does he.

Edited from The New York Times, Feb 6, 2005



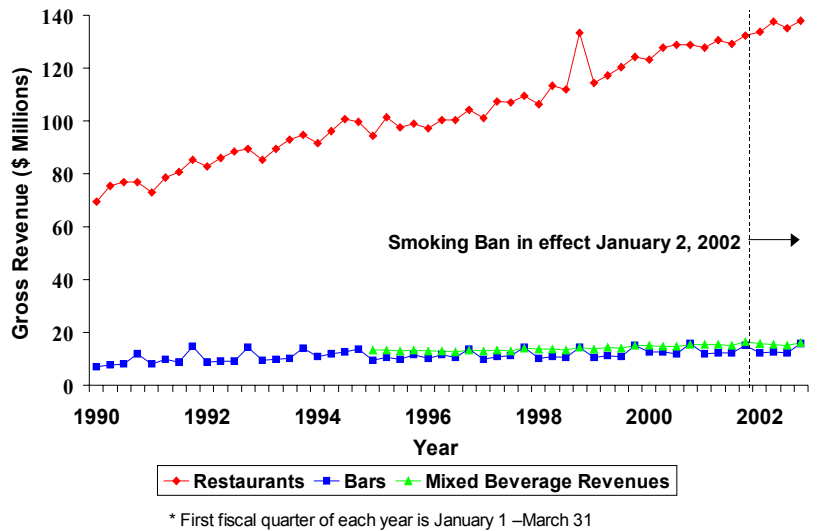
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Adverse Economic Effects Not Supported by Data

Studies tracking the effects of smoking bans and restrictions in over 80 localities demonstrate no adverse economic effects related to these laws. In Texas, reports have documented the economic impact of smoke-free ordinances on restaurant sales in West Lake Hills, Arlington, Austin, Plano, Wichita Falls and El Paso.^{2,3,4}

When quarterly data the Texas Comptroller's Office on taxable restaurant and retail sales were examined for over a year following passage and implementation of the smoke free ordinances, no adverse economic impacts were reported on restaurant, bar or mixed beverage sales.

Gross Restaurant, Bar and Mixed Beverage Revenues By Fiscal Quarter*—El Paso, Texas, 1990-2002



Restaurant Sales Cyclic

The El Paso experience shows normal quarterly changes in restaurant revenues and the general trend toward increased restaurant sales following passage of its smoke free ordinance.² When business owners report a decline in sales following adoption of a strong secondhand smoke ordinance, it is important to understand the reporting period. Typically a whole year of sales data is required to assess the impact of any smoking ban.

Community Actions

Community members can take several actions after passage of a strong indoor air ordinance to set the record straight on public health issues and the true economic impact of smoking bans.

- Educate the public on the history of restaurant revenues in other Texas cities.
- Conduct a public education campaign following passage of the ordinance. The campaign should include details of the ordinance, benefits to the community, and information on how to report and enforce violations.

References:

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2. Huang P, McCusker M, *Impact of a Smoking Ban on Restaurant and Bar Revenues – El Paso, Texas 2002*. MMWR, 2004; 53:150-152.
3. Huang P, Tobias S, Kouhout S, et al, *Assessment of the impact of a 100% Smoke-Free Ordinance on Restaurant Sales – West Lake, Texas, 1992- 1994*. MMWR, 1995; 44:370-372.
4. Hayslett J, Huang P. *Impact of Clean Indoor Air Ordinances on Restaurant Revenues in Four Texas Cities: Arlington, Austin, Plano and Wichita Falls, 1987-1999*
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