

# **One-Year Assessment of the Impact of a Smoking Ban on Restaurant and Bar Revenues in El Paso, Texas**

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The consideration of how smokefree indoor air ordinances impact restaurant and bar revenues is an issue that frequently arises regarding these public policies. A prior study of four Texas cities with smokefree indoor air ordinances found that implementation of a smokefree indoor air ordinance was not associated with any adverse change in restaurant revenues in Plano and Wichita Falls, and was associated with an increase in total restaurant revenues in Arlington and Austin.

In January 2002, the city of El Paso implemented a municipal ordinance that banned smoking in all public places including all restaurants, bars, taverns and work places. This report evaluates the impact of the ordinance on restaurant and bar revenues in this municipality using quarterly aggregate restaurant, bar and retail revenue data obtained from the Texas state comptroller's office. Sales tax data (1990-2002) and mixed beverage tax data (1995-2002) were both analyzed. The economic effect of the smoking ban implementation was investigated using a linear regression model. The model included variables representing the impact of the ordinance on restaurant revenues and quarterly (seasonal) trends. The seasonal variables were included to reflect variations in revenue that typically follow a seasonal pattern.

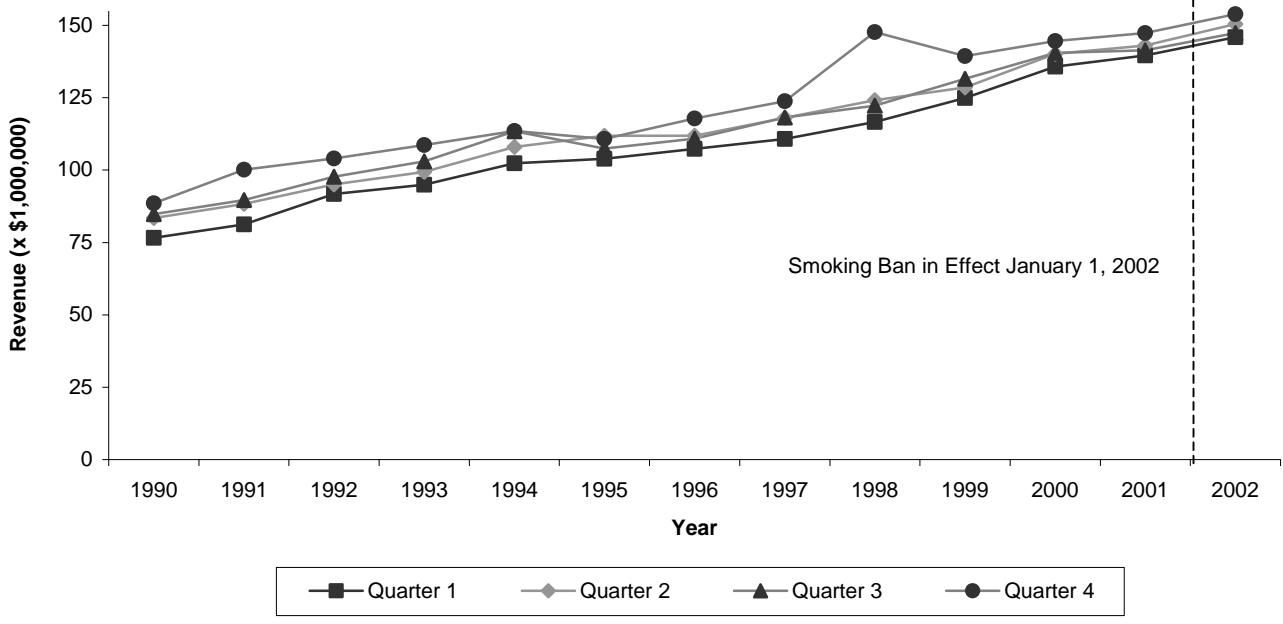
Figures 1, 3, and 5, showing the gross restaurant and bar, restaurant-only, and bar-only revenues, indicate that gross revenues continued to increase in all three types of establishments after the smoking ban was implemented. The regression models showed no significant adverse changes in restaurant and bar, restaurant-only, and bar-only revenues and revenues as a proportion of total retail revenues after the smoking ban was implemented in January 2002. Figures 2, 4, and 6 show that no significant changes in restaurant and bar, restaurant-only, and bar-only revenues as a proportion of total retail revenues occurred after the smoking ban was enacted. Mixed beverage revenues remained stable over time in El Paso, with no significant change in gross mixed beverage sales or mixed beverage sales as a proportion of total retail revenues (figures 7 and 8). As of July 2003, revenue data through the fourth quarter of 2002

were available (4 quarters since the ordinance was enacted). Subsequent data will continue to be monitored to look for any changes in these trends over time.

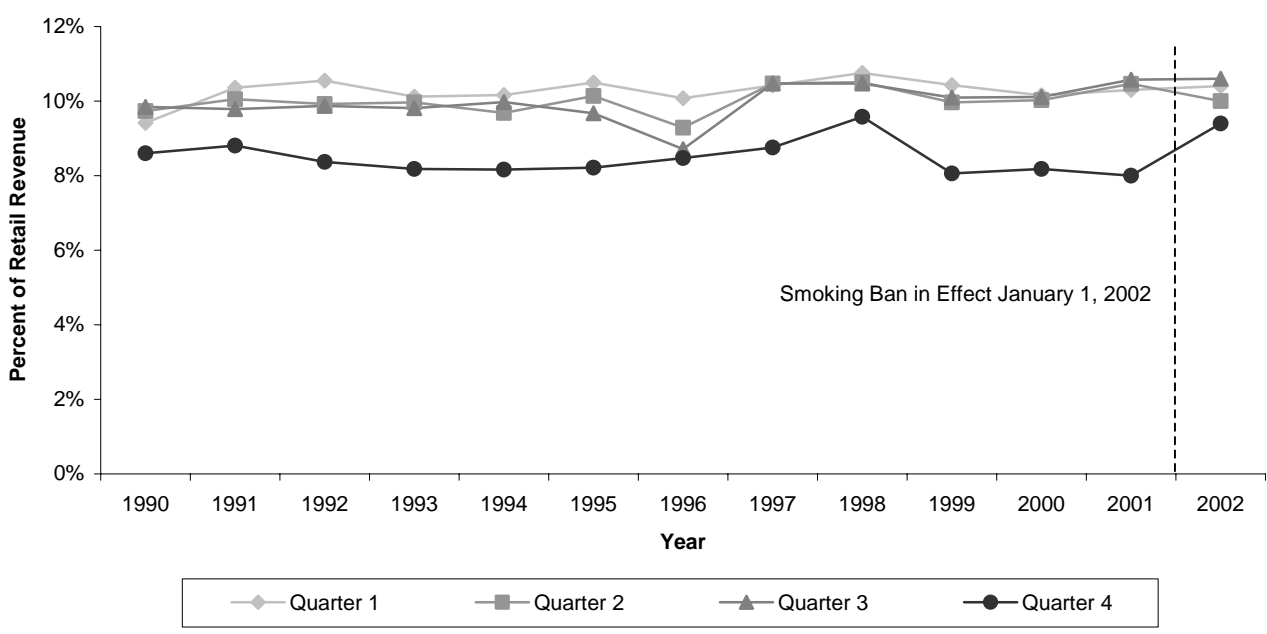
### **Summary**

Based on the currently available sales tax and mixed beverage tax data, there have been no significant adverse changes in restaurant or bar revenues in El Paso since the comprehensive smoking ban was implemented. These findings are consistent with prior reports from other cities in Texas and across the United States that smokefree indoor air ordinances do not affect restaurant revenues, and with the effect of the total smoking ban on restaurant and bar revenues in California.

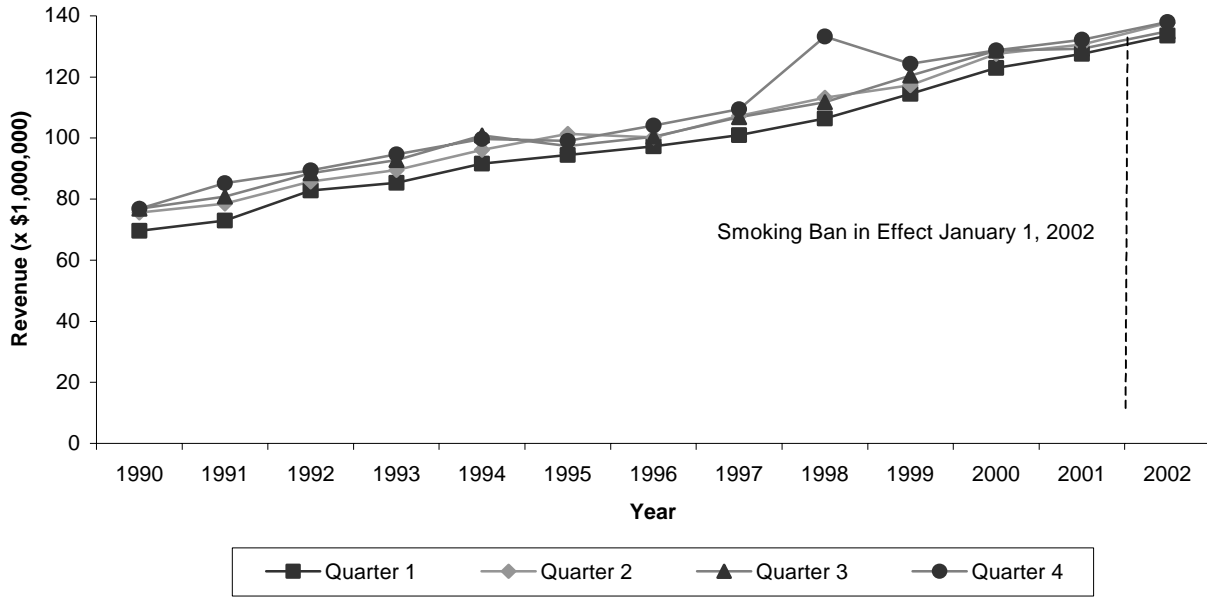
**Figure 1. Gross Restaurant and Bar Sales by Quarter, El Paso, Texas**



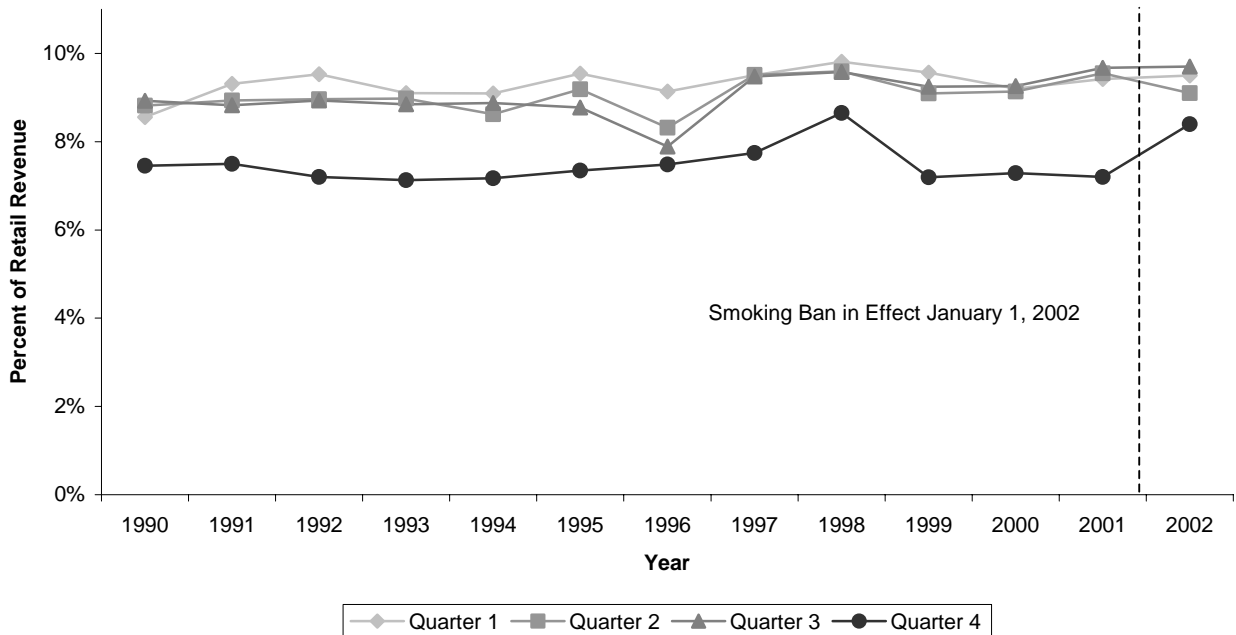
**Figure 2. Restaurant and Bar Sales as a Proportion of Total Retail Revenues, El Paso, Texas**



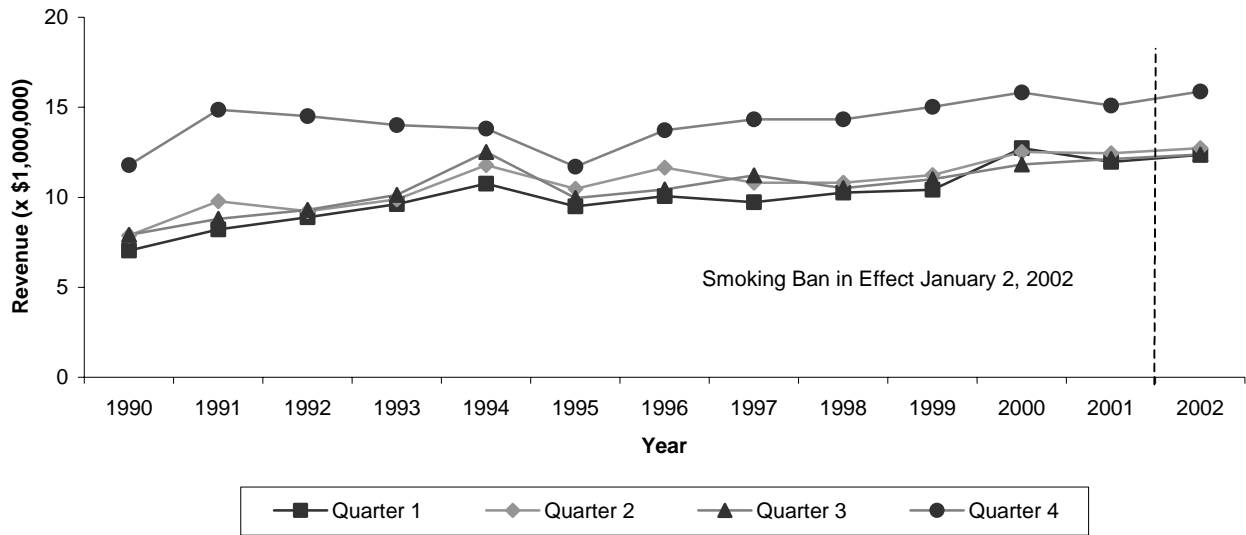
**Figure 3. Gross Restaurant Sales by Quarter, El Paso, Texas**



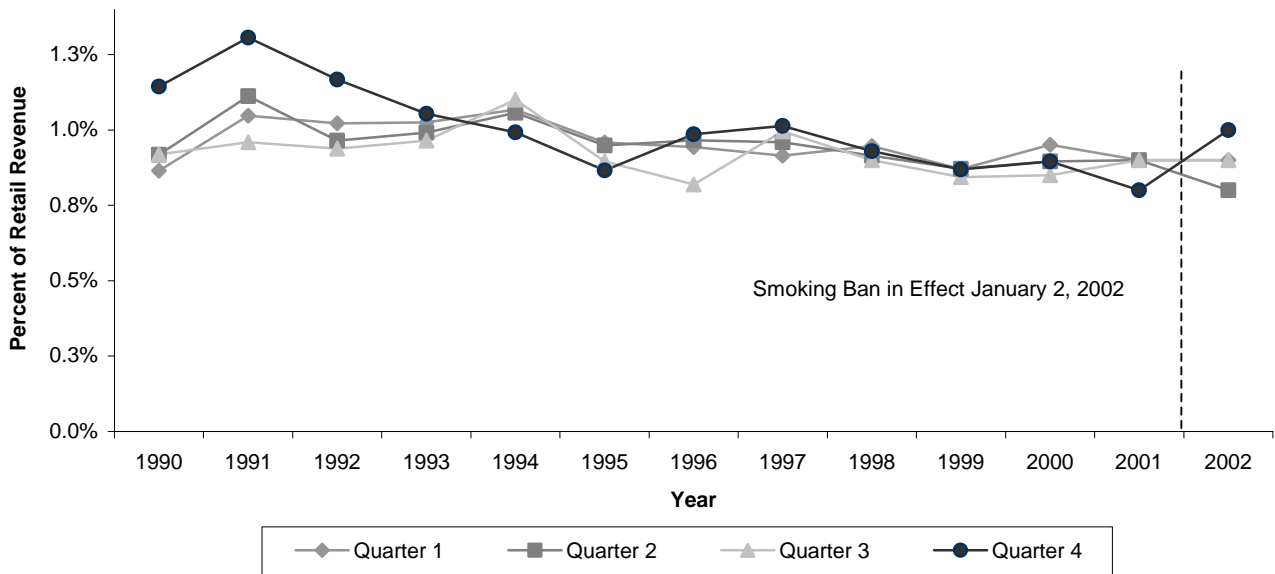
**Figure 4. Restaurant Revenues as a Proportion of Total Retail Revenues, El Paso, Texas**



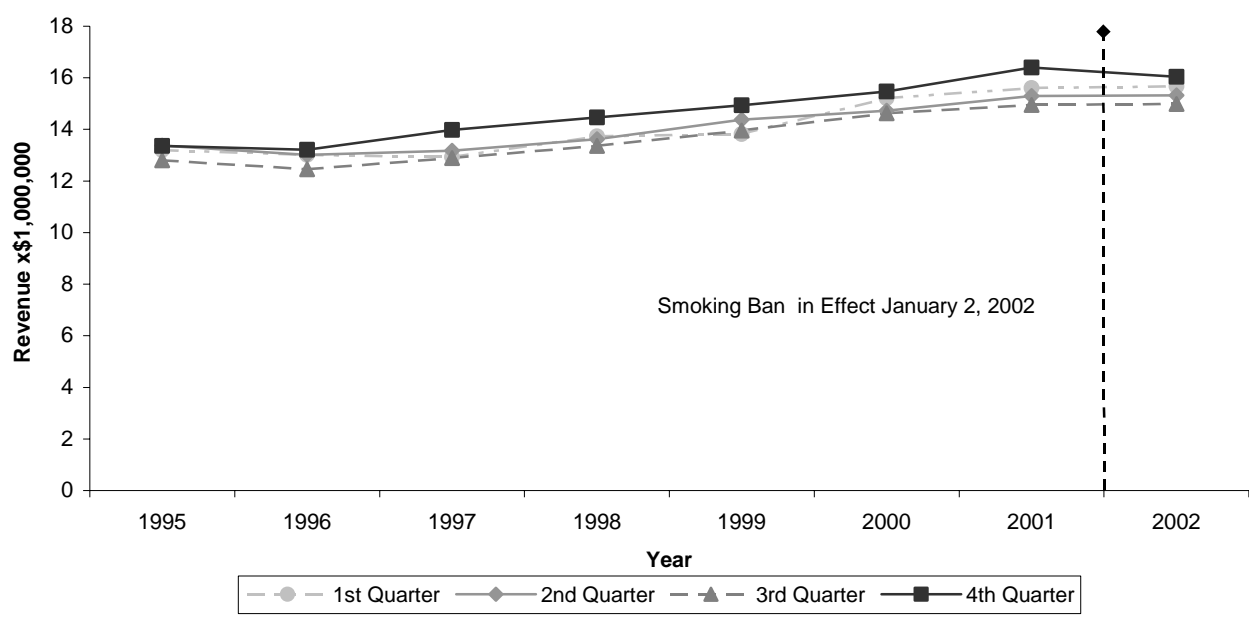
**Figure 5. Gross Bar Sales by Quarter, El Paso, Texas**



**Figure 6. Bar Revenues as a Proportion of Total Retail Revenue, El Paso, Texas**



**Figure 7. Gross Mixed Beverage Sales by Quarter, El Paso, Texas**



**Figure 8. Mixed Beverage Sales as a Proportion of Total Retail Revenue, El Paso,**

