



The following statements are from the Illinois Licensed Beverage Association Fact Sheet “Economic Impact of Smoking Bans on Retail Hospitality Establishments Licensed to Serve Alcohol.”

Each statement is false or misleading.  
The real facts about each claim are bulleted (\*) below.

**ILBA Statement 1**

“Liquor pouring establishments are more than twice as likely to experience revenue declines than non-liquor pouring establishments. (Smoking laws and their differential effects on restaurants, bars, and taverns)”

- ※ The article the ILBA is citing actually summarizes that bar/tavern owners are more than twice as likely to **expect** a loss revenue compared to restaurant owners that expect a loss in revenue<sup>1</sup>.
- ※ The article cited is based on a survey of restaurant and bar owner **predictions** about revenue change. The ILBA neglected to tell you that 51% of restaurant owners **predicted** no change in revenue, while 6% **predicted** an increase in revenue<sup>1</sup>.
- ※ The author states “An examination of profits would be preferable (p. 329)” and “economist tend to be suspicious of survey data asking about probable effects (p. 330)”<sup>1</sup>
- ※ No objective sales tax data studies have supported the establishment owners predictions<sup>2</sup>.

**ILBA Statement 2**

“Sales taxes from liquor pouring establishments in California grew 15% less than the rest of the economy. (California Board of Equalization)”

- ※ No full reference is provided, so it is not certain which California Board of Equalization report Statement 2 is citing, and what time frames are being reported.
- ※ According to the California Board of Equalization, the Golden State’s hospitality sector continues to grow since the California Clean Indoor Air Act was enacted in 1994, with bars exempt until 1998. Sales tax data show an **increase** in annual sales from \$7.16 billion in 1997 for establishments selling beer and wine to \$9.6 billion in 2002. For establishments selling all kinds of alcohol, sales **increased** from \$8.64 billion in 1997 to \$11.3 billion in 2002.<sup>3</sup>
- ※ In 2003, the Board’s Employment Development Department reported that the number of individuals employed in California’s bars and restaurants had about 200,500 **more** employees than they did in 1995, before the smoke free policy took effect.<sup>3</sup>

**ILBA Statement 3**

“Over 1000 bars and restaurants in California that serve alcohol permanently closed their doors in the first year of their smoking ban. (American Beverage Institute)”

- ※ According to the California Restaurant Association, the number of eating and drinking places in California continues to increase since the full ban went into effect January 1, 1998. They report figures (in thousands) of **71.3 (1997) 72.9 (1998), 73.5 (1999), 74.2 (2000), 74.2 (2001), 77.6 (2002) and 81.3 (2003)**<sup>4,5</sup>.
- ※ This statistic tends to change when the ILBA reports it. In a panel discussion during the Smoke Free Springfield campaign, Steve Riedl stated that in the first year over 1300 bars closed<sup>6</sup>. As stated above, neither Statement 3 nor Mr. Riedl public statement is accurate.

#### **ILBA Statement 4**

"The Massachusetts Restaurant Association study of restaurant smoking bans in 23 Massachusetts communities found that there was a 21% decline in restaurant jobs on average and in those communities with total smoking bans the job loss average 30%.(Massachusetts Restaurant Smoking Bans)"

- × The study, conducted for the Massachusetts Restaurant Association, measured the change in the number of restaurant jobs in 23 Massachusetts cities during the period **1993-1995**. Several of the towns, however, enacted their smoke free air ordinances in **1996, after the study period**.<sup>2</sup>
- × The study did not look at restaurant sales tax data. <sup>2</sup>

#### **ILBA Statement 5**

"According to a study examining the impact of restaurant smoking ban in Boston, Massachusetts restaurant employment was reduced by about 475 jobs. (The Case of the Boston Restaurant Smoking Ban)"

- × The study asked restaurant managers to **estimate** the impact of the Boston smoke free restaurant ordinance two months after it went into effect. The questionnaire inquired about restaurant managers' *feelings* about the impact of the ordinance on employment, tipping, revenue, etc.<sup>2</sup>
- × The study was sponsored by the International Society of Restaurant Association Executives (ISRAE) and funded by the Accommodation Program through Options, Philip Morris U.S.A. <sup>2</sup>

#### **ILBA Statement 6**

"A study conducted of the Oregon Department of Health that examined the impact of a smoking ban in Corvallis shows that 50% of respondents lost business after the ordinance went into effect, while only 30% gained customers. Nearly 30% reduced staff (none added staff). An analysis of beer sales shows a 15% decline of beer sales versus a 31.5% increase in beer sales in 'near Corvallis' establishments. (Multiple Impacts of A bar smoking prohibition ordinance in Corvallis, Oregon)"

- × A July 1998 smoke free law in Corvallis bars **did not harm business**, concluded the study conducted by the Pacific Research Institute in Eugene. Sales data was collected from September 1997 through September 1999 and compared to data collected in nearby communities where similar smoke free laws were not in place.<sup>7</sup>
- × In this study the researchers concluded that smokers **did not abandon** Corvallis bars and restaurants, and that revenues from the nonsmoking majority replaced any loss of business from smokers. Furthermore, Corvallis showed **no decline** in malt beverage sales relative to surrounding communities<sup>7</sup>.

#### **ILBA Statement 7**

"A University of Mississippi study in 1998 estimated that the impact of a proposed smoking ban on casinos in that state could reduce gaming revenue by 14.6%. This loss was projected to grow over time and the study found that the loss could reach as much as 28.5% within 5 years. (Economic Consequences of Banning Smoking in Casinos in the State of Mississippi)"

- × This states it is based on **estimates** and **projections**. Mississippi has not yet enacted a statewide ban, so actual sales tax data are not available.

### **ILBA Statement 8**

“Beverage alcohol sales in Dallas are down \$11.8 million in the year since their smoking ban went into effect. (Greater Dallas Restaurant Association)”

- ※ In October 2004, the Dallas Restaurant Association commissioned a study by Clower and Weinstein, which claims that Dallas’ 100% smoke free restaurant ordinance had a negative economic impact. A critique of the research methods used by Clower and Weinstein found “significant flaws regarding the study design and conclusions.<sup>8</sup>”
- ※ In fact, an evaluation of Dallas sales tax receipts found that there were **no statistically significant changes in hospitality revenue** trends since the ordinance’s implementation. The evaluation also found there to be an increased number of restaurant and bars in Dallas. This trend continues on after the smoke free law went into effect.<sup>8</sup>

### **ILBA Statement 9**

“Liquor pouring establishments in Talbot County, Maryland experienced an 11% decline in sales (approx. \$3 million) the last seven months in 2004 after their smoking ban went into effect as compared to the same period in 2003. (Maryland Office of the Comptroller)”

- ※ Freestanding bars in Talbot County, Maryland are **exempt** from the smoking ban, making this statement completely unrelated to the smoking ban<sup>9,10</sup>.
- ※ Statement 9 is a direct quote from a statement by the Maryland Restaurant Association executive director’s testimony before the D.C. city council in June 2005<sup>11</sup>.

### **ILBA Statement 10**

“There were 25% fewer liquor pouring establishments in Talbot County, Maryland in December 2004 as compared to a year earlier when there was no smoking ban. (Maryland Office of the Comptroller)”

- ※ Again, freestanding bars in Talbot County, Maryland are **exempt** from the smoking ban, making this statement completely unrelated to the smoking ban<sup>9,10</sup>.
- ※ Statement 10 is also a direct quote from a statement by the Maryland Restaurant Association executive director’s testimony before the D.C. city council in June 2005<sup>11</sup>.

### **ILBA Statement 11**

“Prior to a smoking ban, the Mall of America had 9 bars. Since the ban has gone into effect, 8 have closed their doors. Only Hooters remains in business. (Minnesota Licensed Beverage Association)”

- ※ Bars close for many reasons. In fact, 3 of the 4 bars located on the same floor were owned by the same company, Jillian’s, which prior to the ban was having financial hardships. Jillian’s sold all 3 establishments to another company, Dave and Buster’s, which did not want to pay the increased lease rate the Mall of America had established and elected to close the 3 newly acquired establishments for that reason<sup>12</sup>.
- ※ Two other bars in the mall closed in the time prior to the smoking ban. This confirms that 5 bars have closed in the Mall of America for various reasons, not 8, and no other closed bars could be identified<sup>12</sup>.

### **ILBA Statement 12**

“There are fewer liquor pouring establishments in upstate New York in the first full year since the smoking ban went into effect. (New York State Dept of Health)”

- × No full reference was provided, so it is not certain which report Statement 12 is citing.
- × According to the State of a Smoke Free New York City Report, the New York State Liquor Authority issued 1,416 new liquor licenses to New York City bars and restaurants in 2003, compared with 1,361 issued in 2002, prior to the passage of the Smoke-Free Air Act. Citywide, at the end of 2003, there were 9,747 active liquor licenses—a **net gain of 234 from 2002**<sup>13</sup>.

### **ILBA Statement 13**

“Sales of wine and spirits in the New York metropolitan area declined more than 40% in the first six months their smoking ban was in effect. (Empire Restaurant and Tavern Association study)”

- × New York City’s 1995 smoking ban did not apply to bars or smaller restaurants until March 30, 2003, and the statewide comprehensive ban took effect July 24, 2003<sup>13</sup>.
- × From April 1, 2003, through January 31, 2004—the most recent data available—**bar and restaurant business tax receipts were up 8.7%** compared to the same time period in 2002-2003 in NYC.<sup>13</sup>
- × Because the ILBA states only the organization that conducted the study, and not the full study title and reference, it is **difficult to validate** the source of the information, considering that 2 different studies by the Empire State Restaurant and Tavern Association (ESRTA) from 1996 and 2004 could be located. Neither study contains information regarding Statement 13.
- × The 1996 ESRTA study **would not be relevant** since the ban did not apply to bars during that time. This study also only reports on employment data, not sales tax data. The 2004 study reports on the entire state of New York following the statewide ban, and not solely the metropolitan area<sup>14</sup>.
- × However, this also could be a reference to another study published in 1995 by the New York Restaurant and Tavern Association, which is an alias used by the ESRTA<sup>15</sup>. That study looked at restaurant owners’ **opinions** of whether there was a change in sales within one month of the regulation’s implementation, and restaurant owners **claimed** a 41% decrease in sales. This is still not wine and spirits as stated in Statement 13, is only based on opinions, and one month is not a valid amount of time for evaluation even if the study was based on hard data, which it was not<sup>16</sup>.

### **ILBA Statement 14**

“Scotland’s smoking ban will cost 2300 jobs, close 140 pubs and result in a loss of 59 million pounds (the equivalent of \$105 million in US currency) according to an assessment by the Convention of Scottish Local Authorities. (The Scotsman publication in Scotland)”

- × Statement 14 states that it is only a **prediction**. Scotland’s ban did not go into effect until March 26, 2006, so actual numbers on its impact are not available at this time<sup>17</sup>.

### **ILBA Statement 15**

“More than 200 pubs have closed in Ireland since their smoking ban went into effect. (Vintners’ Federation of Ireland)”

- × Ireland’s total smoking ban went into effect in March 2004, and the Vintners’ Federation of Ireland (VFI) states they have been struggling with many other factors that affect sales **prior** to the smoking ban.
- × A March 2005 article by VFI states, “Over the past 18 months, the rural pub industry has struggled to cope with **declining sales due to a number of factors**. Changing lifestyles, the high cost of alcohol due to the highest Government taxes in Europe and the smoking ban - have all put an unbearable strain on business<sup>18</sup>”.
- × They also state in article December 2, 2005 article “In recent years, despite a pick-up in 2005, overall sales volume in the on-trade has been declining illustrated starkly by the **8% volume decline in bar sales since 2000**. The retail industry is characterized by primarily small owner-managed enterprises. On both counts Government support should be forthcoming. In addition the industry is damaged by high public sector charges, high labor costs and relatively high minimum wage levels, high PRSI and increasing regulation resulting in compliance costs.<sup>19</sup>”

### **ILBA Statement 16**

“Lincoln, Nebraska keno revenues dropped \$600,000 or 23% in Jan 2005, as compared to January 2004 when the smoking ban was not in effect. (Lincoln, NE office of Finance)”

- × The Mayor of Lincoln, NE stated in a letter to the Mayor of Springfield, IL “Despite predictions to the contrary, **the hospitality industry has not suffered**. Comparison of state sales tax receipts for Lincoln from the year prior to the ordinance and monthly data from 2005 show that receipts have either stayed constant and in some months actually increased. I can share with you antidotal evidence from the Red Fox bar/restaurant where my staff and I regularly have lunch. The owner adamantly opposed the ban when introduced but now has seen a great increase in his clientele which he attributes to being smoke free.”<sup>20</sup>

### **ILBA Statement 17**

“The Hennepin County Board (MN) is poised to amend their smoking ban ordinance to exempt liquor pouring establishments because of the dramatic loss of business in these venues. (Star Tribune)”

- × A study commissioned by the Hennepin County Board entitled “Economic Impact of the Hennepin County Smoking Ordinance” found **overall sales increases** for both food and alcohol following the ban<sup>21</sup>.
- × Although the evidence did not support it, in December 2005 the Hennepin County Board voted 4-3 to amend the smoking ban and allow bars to apply for exemption. Cities within Hennepin that have a stronger ordinance in place, such as Bloomington, Golden Valley and Minneapolis, will still abide by those cities stronger ordinances<sup>22</sup>.

### **ILBA Statement 18**

“Voters in Madison (Wisconsin) are pushing for a referendum to amend their smoking ban ordinance because bars and restaurants have lost a great deal of business since the ban.”

- × The word “voters” in Statement 18 actually refers to a tavern industry group calling themselves the Coalition to Save Jobs. In September 2005, this group tried to have the Madison city council repeal its original ban. The Madison city council **upheld the original ordinance**<sup>23</sup>.
- × According to a January 20, 2006 article in The Capital Times, the group **failed** to gather enough signatures to force a recall vote<sup>24</sup>.

### **ILBA Statement 19**

“Former Madison City Council member Dorothy Borchardt surveyed 40 establishments that serve beverage alcohol and found business was down 30% to 60% as compared to the same period the previous year. (Wisconsin State Journal)”

- × They conveniently leave out one important phrase in this statement. The article states “Former council member Dorothy Borchardt, who has been surveying business owners, recently gave council members a list of about 40 establishments whose operators say business was down from 30 to 60 percent **in the first two weeks of the ban** compared to the same time last year.<sup>25</sup>”
- × There is *always* an adjustment period for any new rule or policy and a larger longer time period must be examined for the information to have any validity.
- × Also, the Borchardt survey only **estimated opinions** of loss, not the actual sales data.

### **ILBA Statement 20**

“Almost 7000 retail hospitality employment positions were eliminated in the New York metropolitan area in the first six months their smoking ban was in effect. (Empire Restaurant and Tavern Association Study)”

- × Again, without the full reference provided it is difficult to determine the source of this information. It appears to be referring to the 1996 ESRTA study, which was during a time when bars and smaller restaurants were exempt.
- × The 1996 study was commissioned for the Empire State Restaurant & Tavern Association, a tobacco industry front group, and it alleges that New York City lost jobs as the result of its smoke free restaurants ordinance. However, New York City’s clean indoor air law did not go into effect until April 1995, **one month after** New York City supposedly lost 4% of its restaurant jobs.<sup>2</sup>
- × Employment in restaurants and bars has **increased** by 10,600 jobs (about 2,800 seasonally adjusted jobs) since the state law’s enactment<sup>13</sup>.

### **ILBA Statement 21**

“Smoking ban advocates claim the smoking ban in New York City has actually improved business in hospitality venues. The reality is hospitality businesses were severely impacted by the 9/11 tragedy. It is completely illogical to claim the smoking ban is what turned these businesses around. Furthermore, the sales tax data used in the New York City analysis includes fast food restaurants, carryout establishments, delivery locations and other industry segments that never allowed smoking prior to the ban. This same deceptive tactic has been used the smoking ban advocates to analyze sales tax data in other jurisdictions across the country.”

- × The previous year data includes the exact same types of establishments and therefore is matched appropriately. It is simply comparing apples to apples.
- × The article referenced was an **editorial** written by Brian Nolan, Executive Director of the United Restaurant & Tavern Owners of New York. The entire article is based on his **opinion**<sup>26</sup>.

## **ILBA Statement 22**

“Smoking ban advocates continually label bar and restaurant owners as partners with “big tobacco.” Restaurants and bar owners are not tobacco advocates. The reality is we are simply looking out for our customer desires and watching our bottom line from a financial perspective. Simply put, smoking bans are very harmful to liquor pouring establishments.”

- × The Illinois Licensed Beverage Association states it has a relationship with multiple tobacco companies on its own website, <http://www.ilba.net>. As of December 22, 2005, of the 12 listed corporate partners, 5 tobacco companies and affiliates were listed: Phillip Morris, RJ Reynolds, US Tobacco Company, Lorillard Tobacco Company, and Miller Brewing – also a holding of Phillip Morris’s parent company, Altria. In January 2006, US Tobacco Company and Lorillard Tobacco Company were removed.
- × The tobacco industry is required to publish internal documents for public review. A search on <http://www.pmdocs.com> for Illinois Licensed Beverage Association returned at least 46 documents with that name. A search for Riedl, S. returned 22 documents, all regarding to the ILBA. (Search conducted on January 23, 2006).
- × In a memo by Phillip Morris summarizing a 2001 meeting regarding the FDA regulation of tobacco products, Steve Riedl stated “he would do **anything Philip Morris asked** on this issue.” When asked about concern of other tobacco companies on the issue, “Mr. Riedl replied that he wasn’t aware of any but that he didn’t care what the other companies, RJR in particular, are doing because they don’t support his organization the way Philip Morris does.<sup>27</sup>”

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- <sup>1</sup> Dunham, J. & Marlow, M., (2000). "Smoking laws and their differential effects on restaurants, bars, and taverns." *Contemporary Economic Policy*, 18(3), 326-333.
- <sup>2</sup> Scollo, M., & Lal, A. (2005, July). Summary of studies assessing the economic impact of smoke-free policies in the hospitality industry – includes studies produced to July 2005. *VicHealth Centre for Tobacco Control*, Melbourne Australia.
- <sup>3</sup> California State Board of Equalization: California Department of Health Services, Tobacco Control Section, November 2002; State of California, Employment Development Department, *Labor Force Statistics*, November 2003.
- <sup>4</sup> California Restaurant Association. 2005 Fast Facts. Accessed March 6, 2006. Downloaded from <http://www.calrest.org/newsinfo/fastfacts.asp>
- <sup>5</sup> California Restaurant Association. 2004 Fast Facts. Accessed March 6, 2006. Downloaded from <http://www.calrest.org/newsinfo/fastfacts2004.asp>
- <sup>6</sup> WSEC. Panel Discussion: In the Air, moderated by Mark McDonald. December, 2005.
- <sup>7</sup> Dresser, Boles, Lichtenstein and Strycker, "Multiple Impacts of a Bar Smoking Prohibition Ordinance in Corvallis, Oregon," *Pacific Research Institute*, [n.d.]
- <sup>8</sup> Huang, P., "Comments on the Weinstein and Clower Study," *Texas Department of State Health Services*, [February 28, 2005]. Download from <http://www.no-smoke.org/doc/clowerweinstein.doc>
- <sup>9</sup> American's for Non Smokers Rights. Municipalities with Local 100% Smokefree Laws. Accessed March 6, 2006. Download from <http://www.no-smoke.org/>
- <sup>10</sup> Talbot County Code 159: Smoking and Tobacco Products. Accessed March 6, 2006. Downloaded from [http://www.e-codes.generalcode.com/searchresults.asp?cmd=getdocTofC&index=0795\\_A&filena](http://www.e-codes.generalcode.com/searchresults.asp?cmd=getdocTofC&index=0795_A&filena)
- <sup>11</sup> Thompson, M.R. Testimony of Melvin R. Thompson, Restaurant Association of Maryland, before the District of Columbia City Council, June 14, 2005.
- <sup>12</sup> American Lung Association of Minnesota. Interview with Bob Moffit, March 3, 2006.
- <sup>13</sup> The State of a Smoke Free New York City: One Year Review, *New York City Department of Finance*, March 2004.
- <sup>14</sup> Minnesotans Against Smoking Bans. New York State Smoking Ban Report, 2004. Accessed on February 23, 2006. Downloaded from <http://www.minnesotansagainstsmokingbans.com/smokingbanreport.htm>
- <sup>15</sup> Americans for Non Smokers Rights. Empire State Restaurant and Tavern Association. Accessed on March 8, 2006. Downloaded from <http://www.no-smoke.org/getthefacts.php?id=72>
- <sup>16</sup> Americans for Non Smokers Rights. Fact Sheet. Economic Impact Studies Circulated by the Tobacco Industry, February 2004. Accessed on March 8, 2006. Downloaded from <http://www.no-smoke.org/document.php?id=208>
- <sup>17</sup> Scottish pubs face being reported over smoke ban. *The Publican*, March 6, 2006. Accessed on March 8, 2006. Downloaded from <http://www.thepublican.com/cgi-bin/item.cgi?id=20059&d=11&h=24&f=23&dateformat=%25o-%25B-%25Y>
- <sup>18</sup> Vintners' Federation of Ireland. News – Job Losses and Pub Closures Reality of the Smoking Ban, March 29, 2005. Accessed on March 7, 2006. Download from [http://www.vfi.ie/aboutvfi/news\\_events.asp?article\\_type\\_id=1](http://www.vfi.ie/aboutvfi/news_events.asp?article_type_id=1)
- <sup>19</sup> Vintners' Federation of Ireland. News – Drink Industry Calls for Fair Taxation, December 5, 2005. Accessed on March 7, 2006. Download from [http://www.vfi.ie/aboutvfi/news\\_events.asp?article\\_type\\_id=1](http://www.vfi.ie/aboutvfi/news_events.asp?article_type_id=1)
- <sup>20</sup> Letter from Mayor Colleen Seng, Lincoln, NE. November 9, 2005.
- <sup>21</sup> Economic Impact of the Hennepin County Smoking Ordinance. Accessed March 7, 2006. Downloaded from [http://www.co.hennepin.mn.us/vgn/portal/internet/hcdetailmaster/0,2300,1273\\_1756\\_142466000,00.html](http://www.co.hennepin.mn.us/vgn/portal/internet/hcdetailmaster/0,2300,1273_1756_142466000,00.html)
- <sup>22</sup> News Release 05.1213 Hennepin County amends smoke-free ordinance. Accessed March 7, 2006. Downloaded from [http://www.co.hennepin.mn.us/vgn/portal/internet/hcdetailmaster/0,2300,1273\\_100496345\\_151134857,00.html](http://www.co.hennepin.mn.us/vgn/portal/internet/hcdetailmaster/0,2300,1273_100496345_151134857,00.html)
- <sup>23</sup> For Smoking Ban Foes, A Flame Lingers. *The Capital Times*, September 22, 2005.
- <sup>24</sup> City and Bar Owners Ponder Where To Turn Next. *The Capital Times*. January 20, 2006.
- <sup>25</sup> Cullen, S. Smoking Ban Battle Smoldering. *Wisconsin State Journal*. July 31, 2005
- <sup>26</sup> Nolen, B The Truth on NY Smoking ban. Accessed on March 6, 2006. Downloaded from [www.ilba.net/stats.asp?ID+237](http://www.ilba.net/stats.asp?ID+237)
- <sup>27</sup> Field Action Meeting, Ally Meeting Report, May 24, 2001. Accessed December 6, 2005. Download from [http://www.pmdocs.com/PDF/2081294954\\_5005\\_0.PDF](http://www.pmdocs.com/PDF/2081294954_5005_0.PDF)