



PUBLIC HEALTH

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Smoke-Free Law Associated with Higher-Than-Expected Taxable Retail Sales in Bars and Taverns

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Background

- Comprehensive smoke-free law went into effect in Washington State in December 2005
- Before that time, bars and taverns were exempt from the state's 1994 smoke-free law
- Adopted by voter ballot initiative with 63% support
- High compliance with law from the start
- Enforced by local health departments

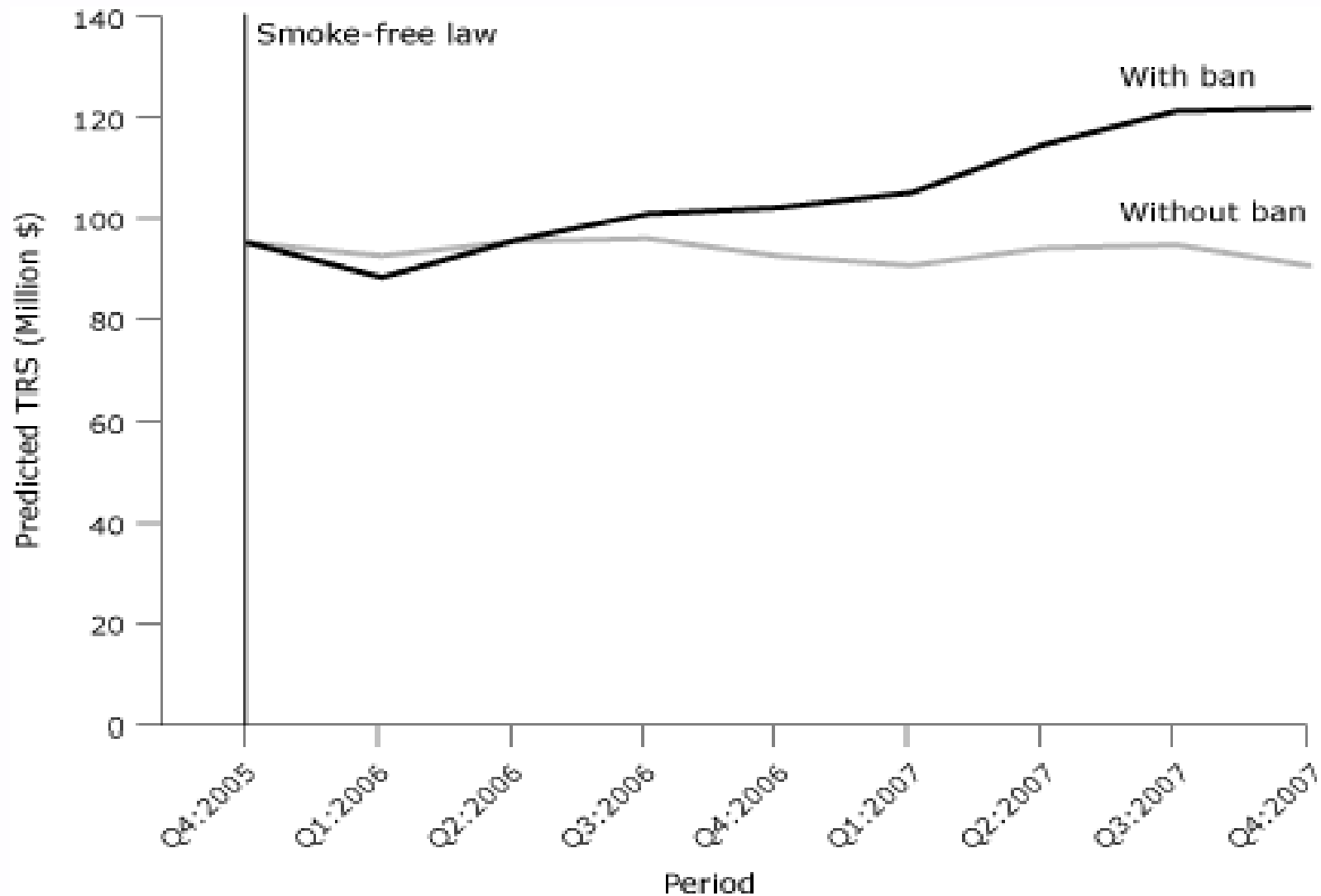
Methods

- Study question: What was the economic impact of the smoke-free law on **bar** revenue?
- Analysis of quarterly taxable retail sales (TRS) data for bars and taverns from 2002 through 2007
- Regression model to estimate the effect of the smoke-free law on sales revenue, controlling for inflation, seasonality, population size, personal income, and unemployment

Key Findings

- Despite no immediate change in bar revenue in the first quarter of 2006, TRS grew significantly through fourth quarter of 2007
- TRS were higher than would have been expected had the smoke-free law not been in effect
- Estimated net gain in bar revenue for 2-year period was \$105.5 million

Effect of Smoke-Free Law on Taxable Retail Sales for Bars, With and Without Ban



Discussion

- Tax receipts generated from \$105.5 million additional taxable retail sales translates to about \$7.4 million for state's general fund
- Revenue gains may be an effect of both new nonsmokers going to bars and existing smokers not discontinuing their patronage
- First study to quantify the positive impact of a smoke-free law
 - Majority of other studies of hospitality industry reported no economic effect (positive or negative)



Implications for State Programs

- Develop a relationship with state Dept of Revenue
- Strong media interest so have talking points for DOH and partners
- Be prepared to show relationship to quit attempts
- Smoke-free laws good for health and business