

Smoke and Mirrors: Exposing the Thalheimer Report

On June 7, 2005, the Lexington Food and Beverage Association (LFBA) released a report, “An Analysis of the Economic Effects of the Lexington-Fayette County, Kentucky Smoking Ban of 2004,” by Richard Thalheimer, PhD of Thalheimer Research Associates, Lexington, Kentucky. The purpose of the report was to examine the effect of Lexington’s smoke-free law on demand for alcohol. Thalheimer analyzed only on-premise wholesale sales of alcohol, and claimed there had been a 9.8% to 13.3% drop in on-premise alcohol sales after implementation of the smoke-free ordinance.

Flawed Scientific Methods

- Of the nine alcohol distributors in Lexington, Thalheimer analyzes data from only three of them, representing only one-third of all the distributors in Fayette County. Furthermore, Thalheimer finds a significant effect of the law in *only two* of the three distributors.
- The report provides no information on how much market share is represented by the three distributors, or how many firms they serve. Some distributors in the report may have lost business to those who were not included in the sample.
- The report does not provide information on the types of alcoholic beverages (beer, wine, distilled spirits) sold by the selected distributors in this report. It is possible that alcohol sales differed by type of beverage.
- The report does not analyze food sales in these establishments. Alcohol sales could be down, but food sales could be up, resulting in no overall effect on sales.
- Changes in alcohol sales in other communities are not taken into account. The report should have analyzed regional, state, and national trends in alcohol sales over time, but did not.
- The report does not take into account the change in the price of alcohol over time.
- The report uses a proprietary data base that is not available to the public and is not reproducible. The findings of this report cannot be checked by other researchers. There was no audit to ensure accuracy of the data provided by the alcohol distributors, who have traditionally worked closely with the tobacco industry.

Report Not Peer-reviewed or Independently Evaluated

- The report methods are similar to tobacco-industry supported economic reports.
- There are no peer-reviewed, scientific studies that show a negative economic impact from smoke-free laws; the only reports showing a negative impact are funded by the tobacco industry.
- Thalheimer has ties to the American Gaming Association which has a formal relationship with the tobacco industry.
- The LFBA hired Thalheimer as a contractor to produce this report. The LFBA delayed the implementation of Lexington’s smoke-free ordinance by launching a 7-month legal challenge funded in part by Brown and Williamson Tobacco Company.
- Although Dr. Thalheimer is a Professor at the University of Louisville, he ran this study through his company, Thalheimer and Associates. The study was not peer-reviewed or independently evaluated.

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