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# SMOKE FREE ONTARIO ACT as of May 31, 2006:

## Fact Sheet – Economic Impact of Smoke-Free Policies

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Ministry of Health Promotion

Le ministère de la Promotion de la santé

This fact sheet provides basic information only. It must not take the place of medical advice, diagnosis or treatment. Always talk to a health care professional about any concerns you have, and before you make any changes to your diet, lifestyle or treatment.

- Economic studies in Ontario and internationally show that smoke-free policies do not adversely affect aggregate sales or employment in restaurants and bars; in some cases these policies have had a positive impact. Initial impacts, if any, may be reversed over time.
  - In 2003, U.S. and Australian researchers conducted an international, comprehensive review of all 97 English-language published and unpublished studies claiming to assess the economic impact of smoke-free policies on sales and employment in the hospitality industry. Almost all of the studies that found a negative economic impact of smoke-free policies had been funded by the tobacco industry. In addition, these studies were more likely to have used a subjective outcome measure (e.g., bar owners' opinions) rather than an objective one (sales data), and the studies were less likely to have been peer-reviewed. All of the best-designed studies that were not funded by the tobacco industry found that smoke-free restaurant and bars laws had no negative impact on revenue or jobs.<sup>1</sup>
- Examples from other jurisdictions**
- The City of Ottawa implemented a 100 per cent smoke-free workplace and public places bylaw in 2001, with no designated smoking rooms. After accounting for trends, seasonal variations, and general economic conditions, the Ontario Tobacco Research Unit found no evidence that the smoke-free bylaw adversely affected restaurant and bar sales.<sup>2</sup>
  - New York City implemented smoke-free legislation in 2003. This law bans smoking in public places and workplaces, including bars and restaurants, and designated smoking rooms are not permitted. A one-year review by the city found that the bar and restaurant industry is thriving. Business tax receipts in restaurants and bars increased by 8.7 per cent compared to the same period the year before and employment increased by 2,800 jobs.<sup>3</sup>
  - A study in Massachusetts compared the meals tax data collected from restaurants that were in communities with highly restrictive smoking policies with restaurants in communities without such policies. Researchers looked at data from 1992 to 1998. They found that there was no aggregate effect of smoke-free policies on businesses during this period.<sup>4</sup>
  - In July 2004, Massachusetts implemented a state-wide smoke-free workplace law. Designated smoking rooms are not permitted. An evaluation of the impact of this law was recently reported by the Harvard School of Public Health. Researchers found that patronage at restaurants and bars remained the same after the law came into force, as compared to before the law. Inflation-adjusted meals sales tax collections were unchanged with the implementation of the law (comparisons were made on a month-by-month basis with tax collections from the prior five years). Similarly, no changes were observed in alcoholic beverages excise tax collections. Finally, no change was found in the number of workers employed in restaurants and bars.<sup>5</sup>

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