The New York State and New York City Smoking Bans: An Analysis of Impacts on Bar and Restaurant Sales

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Portland, Oregon

40 states currently have some form of limited smoking ban in effect, either at the state or local level. Examples of places covered include:

- Work Places
- Bars & Clubs
- Restaurants
- Sports Arenas
- Bowling Alleys
Statewide Bar & Restaurant Bans in Effect

<table>
<thead>
<tr>
<th>Year</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>CA</td>
</tr>
<tr>
<td>2002</td>
<td>DE</td>
</tr>
<tr>
<td>2003</td>
<td>NY (NYC-3/30/03; State-7/24/03)</td>
</tr>
<tr>
<td>2004</td>
<td>ME, MA</td>
</tr>
<tr>
<td>2005</td>
<td>CT, VT, RI, WA</td>
</tr>
<tr>
<td>2006</td>
<td>NJ, CO</td>
</tr>
<tr>
<td>2009</td>
<td>UT</td>
</tr>
</tbody>
</table>

New York State

Smoking Banned:
- Places of employment
- Bars
- Restaurants
- Indoor swimming areas
- Public transportation
- Schools, including school grounds
- All public and private colleges
- General hospitals
- Residential health-care facilities
- Commercial establishments
- All indoor arenas
- Zoos
- Bingo facilities
New York State

*Smoking Still Permitted:*
- Private homes and automobiles
- Hotel or motel rooms
- Retail tobacco businesses
- Volunteer membership associations
- Cigar bars
- Limited outdoor restaurant seating

Proponents

“Health benefits/Increased business”
- American Cancer Society
- American Lung Association
- Campaign for Tobacco-Free Kids
Opposed
“*It will hurt business*”

- Tavern Owners
- Industry Groups (e.g., Restaurant & Tavern Associations)
- Pro-Smoking Groups

Data Requests

- Tax Department receives taxable sales information from taverns & restaurants
- Most sales by tavern & restaurants are subject to sales tax
  - Alcohol
  - Prepared food for on-premise consumption
- Numerous requests from persons wanting to use taxable sales as a measure of total sales
Data Requests

- New York Legislature
- Other State Revenue/Health Departments
- Academic Institutions / Researchers
- The Press

Data Issues/Concerns

Exceptions Processing: 2 Year Time Lag
- Late filed returns
- Missing Data on Returns
- Data Inconsistencies
- Processing (including amended) Returns
- Data Entry (600,000 vendors; 1.8 million sales tax returns annually)
Tax Department Response: Panel of Vendors

- 2 Panels of Vendors (n = 32,519)
  - New York City Only
  - New York State (Includes NYC)

- Industries Selected
  - Bars & Taverns (NAICS 7224)
  - Full Service Restaurants (NAICS 7221)
  - Limited Service Restaurants (NAICS 7222)
  - Retail Sales (NAICS 44 & 45)

- Benchmark: Same Store Sales

New York City Panel: Taxable Sales (dollars)
New York City Panel: Quarterly & Annual Comparisons—Mar '03-Feb '04 Compared to Mar '02-Feb '03

<table>
<thead>
<tr>
<th></th>
<th>Mar-May '03</th>
<th>Jun-Aug '03</th>
<th>Sept-Nov '03</th>
<th>Dec-Feb '04</th>
<th>Mar '03-Feb '04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Service Restaurants</td>
<td>-3.1%</td>
<td>0.8%</td>
<td>2.7%</td>
<td>4.8%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Bars &amp; Taverns</td>
<td>-2.3%</td>
<td>-2.5%</td>
<td>-0.6%</td>
<td>0.4%</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Limited-Service Restaurants</td>
<td>-1.8%</td>
<td>0.5%</td>
<td>4.1%</td>
<td>6.3%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>9.6%</td>
<td>35.8%</td>
<td>33.9%</td>
<td>23.0%</td>
<td>21.6%</td>
</tr>
</tbody>
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* NYC smoking ban effective March 30, 2003

New York City Panel: Quarterly & Annual Comparisons—Mar '04-Feb '05 Compared to Mar '02-Feb '03

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<th>Mar-May '04</th>
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<tbody>
<tr>
<td>Full-Service Restaurants</td>
<td>5.0%</td>
<td>7.4%</td>
<td>6.1%</td>
<td>9.8%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Bars &amp; Taverns</td>
<td>0.0%</td>
<td>2.9%</td>
<td>0.5%</td>
<td>1.8%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Limited-Service Restaurants</td>
<td>3.8%</td>
<td>5.3%</td>
<td>6.0%</td>
<td>10.2%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>36.6%</td>
<td>33.8%</td>
<td>35.9%</td>
<td>34.8%</td>
<td>35.3%</td>
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* NYC smoking ban effective March 30, 2003
New York State Panel: Taxable Sales (dollars)

New York State Panel: Quarterly & Annual Comparisons—Jun ’03-May ’04 Compared to Jun ’02-May ’03

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<td>5.2%</td>
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<tr>
<td>Retail Trade</td>
<td>17.1%</td>
<td>14.3%</td>
<td>11.7%</td>
<td>14.4%</td>
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* Statewide smoking ban effective July 24, 2003
Summary: NYC and NYS Panels

Bar and Taverns

- In first year, biggest drop (-2% to -3%) in sales occur within first 6 months following ban. By end of first year, sales are down 1.2% in NYC and 1.9% statewide

- In second year, bar sales are flat statewide with slight improvement in NYC sales (+1.1%), but still below industry forecasts (3% average annual growth; National Restaurant Association)
Summary: NYC and NYS Panels

Full-Service Restaurants

- In the first quarter the ban takes effect, sales were down in NYC and flat statewide. Over next 3 quarters, sales improve in NYC and statewide

- In second year, sales in NYC and statewide continue to improve