

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

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**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

<u>Year</u> <u>Effective</u>	<u>State</u>
➤ 1998	CA
➤ 2002	DE
➤ 2003	NY (NYC-3/30/03; State-7/24/03)
➤ 2004	ME, MA
➤ 2005	CT, VT, RI, WA
➤ 2006	NJ, CO
➤ 2009	UT

## 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

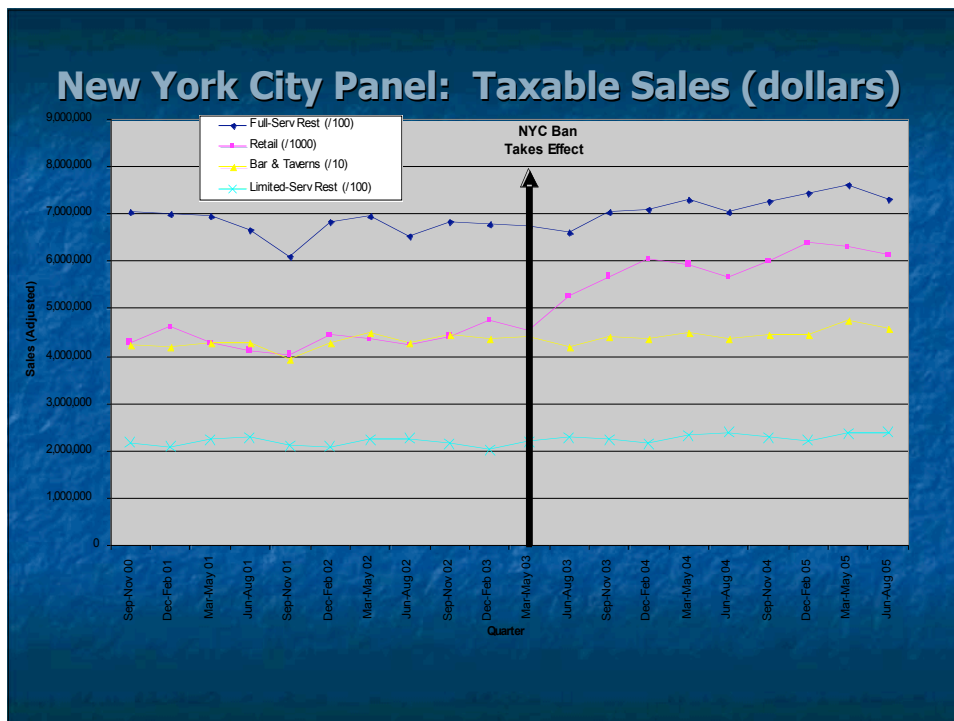
## Data Issues/Concerns

### **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)
- Time Period: Sept 2000—Aug 2005
- Benchmark: Same Store Sales



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

	Mar-May* '03	Jun-Aug '03	Sept-Nov '03	Dec-Feb '04	<b>Mar '03- Feb '04</b>
Full-Service Restaurants	-3.1%	0.8%	2.7%	4.8%	<b>1.3%</b>
Bars & Taverns	-2.3%	-2.5%	-0.6%	0.4%	<b>-1.2%</b>
Limited-Service Restaurants	-1.8%	0.5%	4.1%	6.3%	<b>2.1%</b>
Retail Trade	9.6%	35.8%	33.9%	23.0%	<b>21.6%</b>

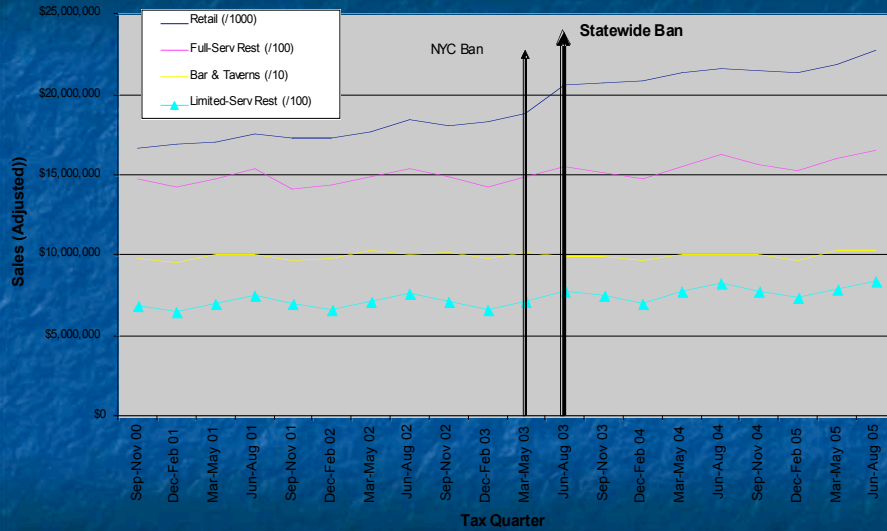
\* NYC smoking ban effective March 30, 2003

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

	Mar-May* '04	Jun-Aug '04	Sept-Nov '04	Dec-Feb '05	<b>Mar '04- Feb '05</b>
Full-Service Restaurants	5.0%	7.4%	6.1%	9.8%	<b>7.1%</b>
Bars & Taverns	0.0%	2.0%	0.5%	1.8%	<b>1.1%</b>
Limited-Service Restaurants	3.8%	5.3%	6.0%	10.2%	<b>6.2%</b>
Retail Trade	36.6%	33.8%	35.9%	34.8%	<b>35.3%</b>

\* 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

	Jun-Aug* '03	Sept-Nov '03	Dec-Feb '04	Mar-May '04	<b>Jun '03- May '04</b>
Full-Service Restaurants	0.7%	1.6%	3.3%	5.0%	<b>2.6%</b>
Bars & Taverns	-1.5%	-2.8%	-1.8%	-1.6%	<b>-1.9%</b>
Limited-Service Restaurants	1.9%	5.0%	7.0%	7.4%	<b>5.2%</b>
Retail Trade	17.1%	14.3%	11.7%	14.4%	<b>13.4%</b>

\* Statewide smoking ban effective July 24, 2003



## New York State Panel: Quarterly & Annual Comparisons—Jun '04- May '05 Compared to Jun '02-May '03

	Jun-Aug* '04	Sept-Nov '04	Dec-Feb '05	Mar-May '05	<b>Jun '04- May '05</b>
Full-Service Restaurants	5.5%	4.7%	6.6%	8.1%	<b>6.2%</b>
Bars & Taverns	0.3%	-1.5%	-0.9%	1.6%	<b>-0.1%</b>
Limited-Service Restaurants	8.9%	9.5%	11.8%	10.1%	<b>10.0%</b>
Retail Trade	17.4%	19.1%	17.1%	16.4%	<b>17.4%</b>

\* 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