

EXECUTIVE SUMMARY

The Economic Impact of the 2008 Kansas City Missouri

Smoke-Free Air Ordinance

John A. Tauras, Ph.D.
Frank J. Chaloupka, Ph.D.

December, 2010

On Thursday April 8th, 2008 Kansas City Missouri voters approved Question 3, a ballot initiative requiring private workplaces, restaurants, and bars to be smoke-free, with the ordinance taking full effect on June 21, 2008. In doing so, Kansas City joined the growing number of countries, states, and cities around the world that provide comprehensive protection from the harmful effects of secondhand smoke. In the United States, as of October 1, 2010, 23 states and 430 localities covering nearly half of the country's population have adopted comprehensive smoke-free policies that make all workplaces, restaurants, and bars 100 percent smoke-free.

**Kansas City
joined the
growing number
of countries,
states, and cities
around the world
that provide
comprehensive
protection from
the harmful
effects of
secondhand
smoke.**

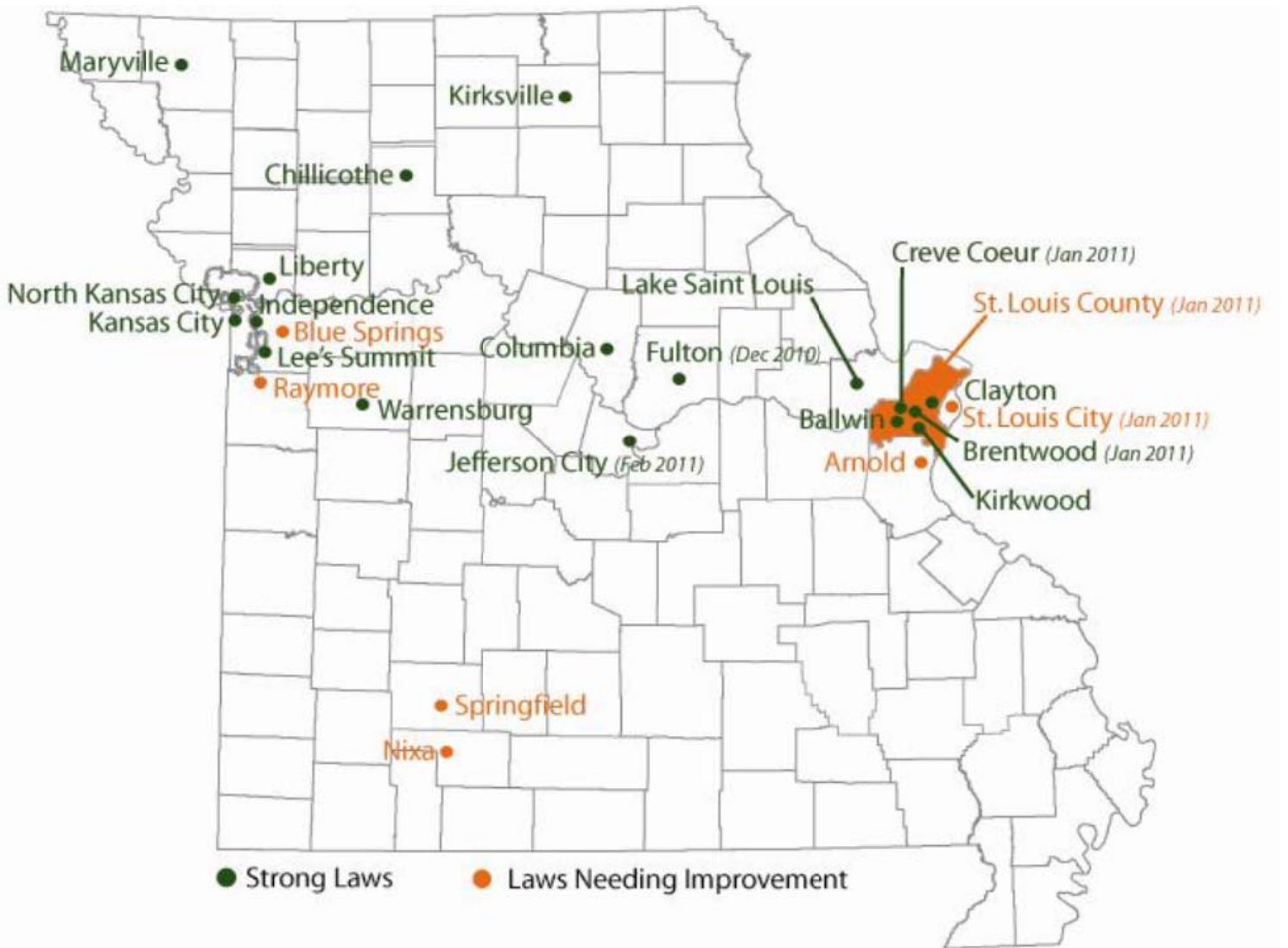
While the prevalence of states and municipalities with smoke-free policies covering eating and drinking establishments continues to increase, tobacco companies, or others acting with support of the tobacco industry, argue that these policies will have a harmful economic impact on the establishments covered by policies. However, the weight of the evidence from numerous peer-reviewed studies on the economic impact of smoke-free policies on restaurants and bars is that these policies have no negative effect on sales, employment, and/or other measures of economic activity, with many finding that smoke-free policies have a small, positive economic impact.

This study is the first to examine the economic impact of the Kansas City Missouri smoke-free policy on restaurants and bars. Using data provided by the Missouri and Kansas Departments of Revenue, we estimate the policy's impact on taxable sales for restaurants and bars. Specifically, we analyze city-level data on monthly taxable sales in eating establishments (restaurants), drinking establishments (bars), and eating and drinking establishments (restaurants and bars) for cities with populations of 25,000 or more for the period from July 2000 through March 2010.

Our analysis shares the characteristics of other studies on this issue that have been determined to be methodologically sound and rigorous. We examine both total eating and drinking establishment taxable sales and separate measures for taxable sales in restaurants and bars. We estimated three alternative models for each of the three measures, with the first two models limited to data from Kansas



Smokefree Laws in Missouri



City and larger Kansas and Missouri cities that have not adopted smoke-free policies. The third model includes all cities in Missouri and Kansas with populations greater than 25,000 and controls for both comprehensive smoke-free policies and less than comprehensive smoke-free policies (those that exempt some establishments from the policies).

The data on taxable sales in Kansas City Missouri's restaurants and bars combined shows no differences in the levels of or trends in these measures before and after the implementation of the city's comprehensive smoke-free policy. The same is true when looking at the data for restaurant and bar taxable sales separately.

As expected, we find that taxable sales in restaurants and bars are strongly, positively related to overall economic conditions, with sales rising as overall economic activity increases and vice-versa.

The estimates from our multivariate econometric models are consistent with this conclusion as well as with the findings from the large and growing set of peer reviewed studies for other jurisdictions that conclude that smoke-free policies have no negative impact on economic activity in the hospitality sector.

Specifically, controlling for economic conditions, existing trends, seasonality, and fixed community characteristics, we find that the Kansas City smoke-free policy had no statistically significant impact on taxable sales in eating and drinking establishments in Kansas City. Similarly, we find that other local smoke-free policies in the two states have had no negative impacts on eating and drinking establishment sales in these Missouri and Kansas localities. As expected, we find that taxable sales in restaurants and bars are strongly, positively related to overall economic conditions, with sales rising as overall economic activity increases and vice-versa.

This study adds to the large and growing body of evidence comprised of comparable studies for other cities, states, and countries on this issue. Specifically, these findings clearly counter tobacco industry and hospitality sector claims that Kansas City's comprehensive smoke-free policy implemented in June 2008 has had a negative economic impact on restaurants and bars. Instead, the city's comprehensive smoke-free policy has had no impact on restaurant and bar business, while having the intended effect of protecting workers in and patrons of these establishments from the harmful effects of exposure to tobacco smoke pollution.

The Health Care Foundation of Greater Kansas City provided funding for this research. Special thanks to peer reviewers Andrew Hyland and Michelle Scollo for their comments on the full report.