

The Economic Impact of Minot's Smoke-free Restaurant Ordinance

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ABSTRACT

Objectives

The purpose and objective of this study is to determine the economic impact of the City of Minot's smoke-free restaurant ordinance. This economic impact study is important for cities that raise revenues through sales tax as well as for restaurant stakeholders.

Methods

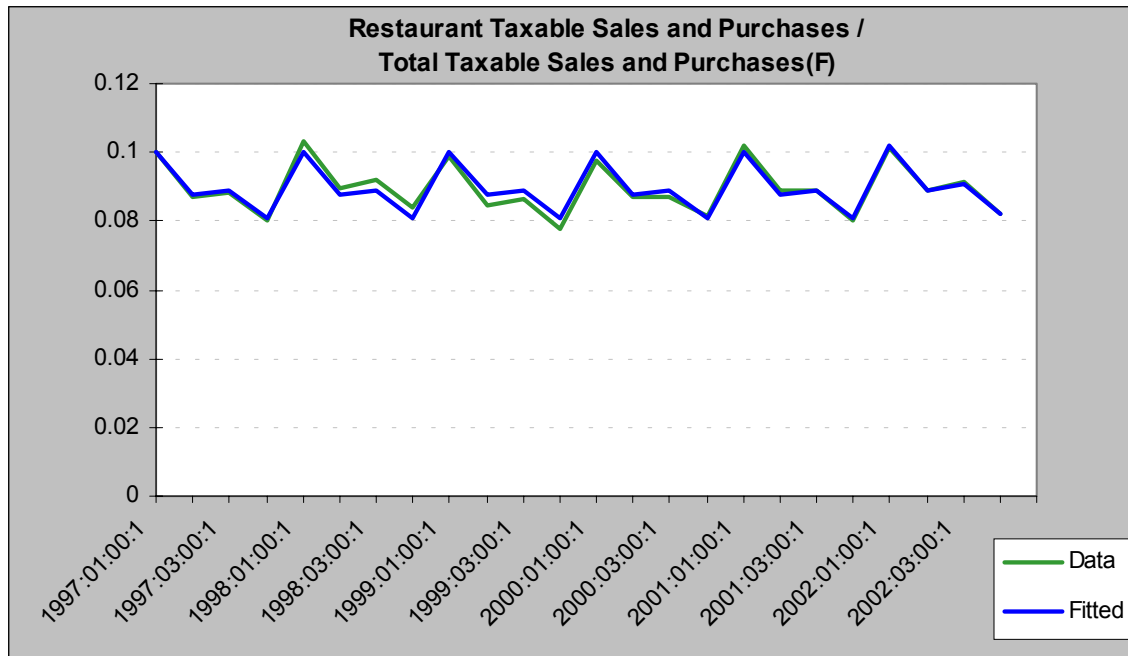
Data were obtained from the Office of the North Dakota Tax Commissioner on "Restaurant Taxable Sales and Purchases" and "Total Taxable Sales and Purchases" for the City of Minot. These were used as proxies for restaurant sales and total retail sales, respectively. Data was collected from the first quarter of 1997 through the fourth quarter of 2002. The data were analyzed using linear regression analysis including time and dummy variables for the presence of an ordinance and the four seasons. Restaurant sales were analyzed as a fraction of total retail sales.

Results

The implementation of the smoke-free ordinance had no significant effect on the fraction of sales that went to restaurants in Minot. Therefore, the results of the study, using classical regression analysis, showed the smoke-free ordinance had no impact on restaurant sales for the City of Minot. This is based on the statistical insignificance of the parameter measuring the smoke-free ordinance. The positive sign in front of the parameter, assuming significance, would have shown an increase in restaurant sales.

Conclusion

Analysis of six years of sales tax data shows that there was no economic effect of the non-smoking ordinance on Minot restaurants in spite of claims that the non-smoking ordinance would hurt restaurant business. This study found no adverse change in restaurant sales because of the restaurant non-smoking ordinance. This supports earlier findings in Colorado and California that also concluded non-smoking ordinances have no effect on restaurant sales.





FOR IMMEDIATE RELEASE

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Study Finds Smoke-Free Ordinance Hasn't Hurt Restaurants

(MINOT, ND)—Fears that clearing the air in Minot restaurants would cause patrons to be in shorter supply as well apparently were unfounded.

A Minot State University study, released today, shows that Minot restaurants have not experienced a loss of revenue due to the city's smoke-free dining ordinance. The study, conducted by the MSU College of Business and the North Dakota Center for Persons with Disabilities, shows that the smoke-free ordinance had "no significant effect" on the fraction of sales that went to restaurants in Minot.

"We're pleased but not surprised," said Janet Maxson, FNP-C, representing three groups that supported the ordinance -- the American Heart Association, American Lung Association and American Cancer Society. "Studies have consistently shown that ordinances restricting smoking in restaurants have no effect on revenues. But they do have a very beneficial effect on public health."

Dr. Terry Dwelle, State Health Officer, said the health effects of secondhand smoke have been known for decades. "More than 30 years ago the Surgeon General expressed concerns of the health effects of exposure to secondhand smoke to the nonsmoker," he said. "Evidence is mounting that even a brief exposure to secondhand smoke can compromise the cardiovascular system."

Detailing the study and its methods, Frank Moseley, PhD, an assistant professor in the MSU College of Business, said the study was conducted by graduate students in the Department of Business Administration under his supervision.

"We used objective data collected by the Office of the North Dakota Tax Commissioner on Restaurant Taxable Sales and Purchases and Total Taxable Sales and Purchases for the City of Minot," Moseley explained. "The use of this data source is important because it is inclusive of all the restaurants in Minot. Additionally, the data collection method is consistent without concern of the effects of smoke-free policy."

(more)

Data was collected for six years -- from the first quarter of 1997 through the fourth quarter of 2002. Minot's smoke-free dining ordinance went into effect January 1, 2002. Moseley said the figures were analyzed using linear regression analysis -- a statistical technique for investigating the relationship between variables. The technique adjusts for normal fluctuations in sales due to economic trends and seasonal patterns.

“Analysis of the six years of sales tax data shows that there was no economic effect of the smoke-free ordinance on Minot restaurants. In conclusion, this study found no adverse change in restaurant sales because of the smoke-free ordinance.”

Kelly Buettner-Schmidt, director of the Tobacco Education, Research and Policy Initiative within NDCPD and the study's co-author, said the study could have a far-reaching impact as other communities across the state consider smoke-free policies.

“Minot is now looked to as the leader in protecting its citizens from the health threat of secondhand smoke,” Schmidt said. “Given the results of this study, policymakers in other North Dakota cities can and should go forward with similar measures without any concern for economic impact.”