

Executive Summary

The Impact of North Dakota's Smoke-Free Law on Restaurant and Bar Taxable Sales

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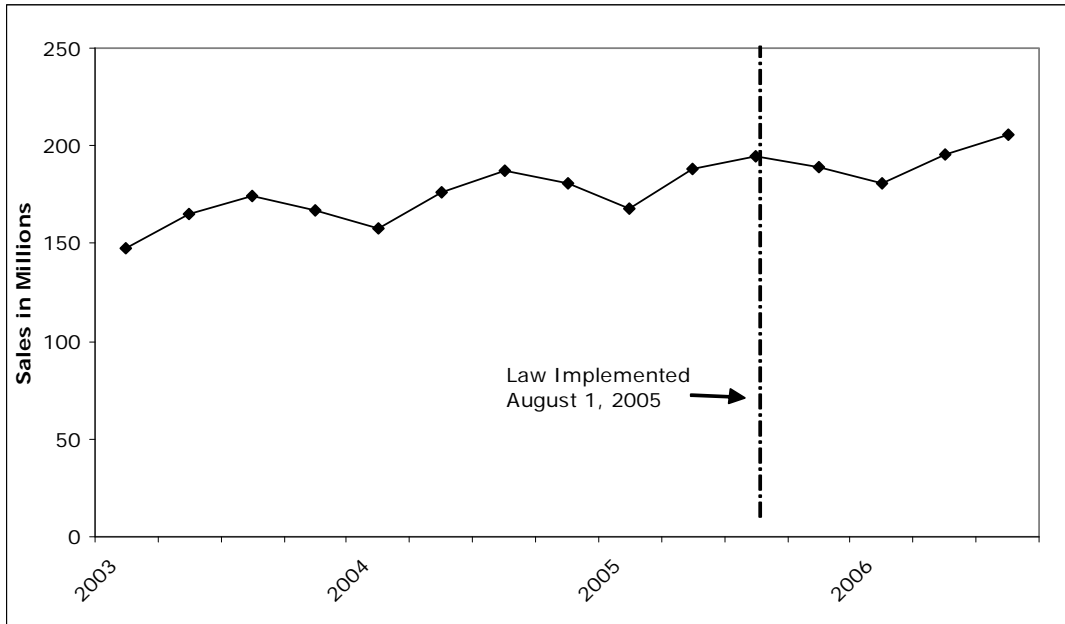


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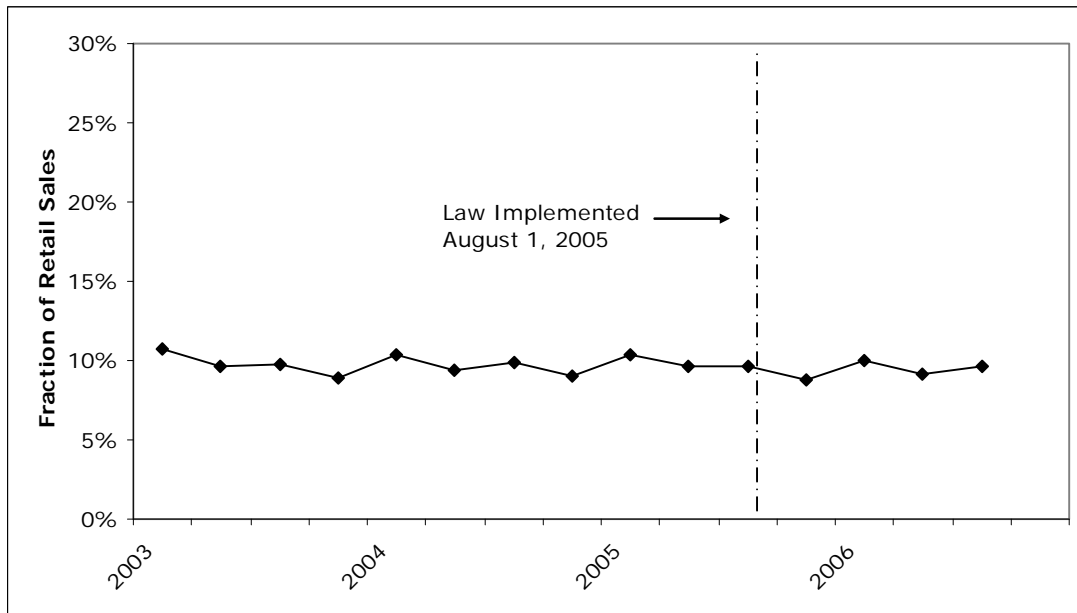
According to the U.S. Surgeon General, secondhand smoke causes early death and illness in children and adults who do not smoke. There is no risk-free level of exposure to secondhand smoke and exposure to adults has immediate adverse effects on the cardiovascular system (U.S. Department of Health and Human Services, 2006). In April 2005, North Dakota's 59th Legislative Assembly amended North Dakota Century Code (NDCC) 23-12-09 relating to smoking in public places and places of employment. Effective August 1, 2005, the law required most public places and workplaces to be smoke free with some exemptions. The exemptions included freestanding bars; separately enclosed bars in restaurants, hotels and bowling centers; and hotel and motel rooms and other lodging establishments.

Prior to passage of this legislation, some argued that the smoke-free law would be harmful to the hospitality economy in North Dakota. To get an early assessment of the validity of this claim, we examined quarterly taxable sales data from the North Dakota Office of the Tax Commissions from 2003 through the third quarter of 2006 for the North American Industry Classification System Codes of 44 - 45 Retail Trade Sector and the 722 Food Services and Drinking Places Subsector and its industry group subsets of Full-Service Restaurants, Limited-Service Eating Places, and Drinking Places. Comparisons of a given quarter after the law to the same quarter in the previous year before the law were calculated, as well as the fraction of the indicators to the overall retail trade to control for underlying economic trends.

Major findings indicate that taxable sales for the Food Services and Drinking Places Subsector and all industry group subsets continued to increase after the smoke-free law was implemented. Year-to-year taxable sales changes after the law were within 1 percentage point of year-to-year changes before the law, indicating the pre-law sales trends were unchanged after the law took effect. Adjustment for the level of retail sales in North Dakota did not alter these conclusions. While subsequent studies with longer post-law follow-up should be undertaken, the initial early data suggest the statewide smoke-free law had a neutral impact on the taxable sales of the restaurant or bar establishments in North Dakota.



Taxable sales of Food Service & Drinking Places before and after implementation of the law.



Fraction of Retail Sales of Food Service & Drinking Places before and after implementation of smoke-free law.

References

Smoking in Public Places and Places of Employment. North Dakota Century Code.

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