
Date: December 6, 1994
TMA ID: NEWS941206.026
Source: PR Newswire
Title: Study Finds That City Council Smoking Ban Could Cause Severe Economic
Damage To New York City; Loss Of Jobs, Tax Revenue, Expected
Location: New York, New York
Subject: Smoking Restrictions—Restaurants

If the indoor smoking ban being considered by the New York City Council is passed, New York City could lose \$27 million annually in sales tax revenue and over 11,000 jobs, according to a survey conducted by Price Waterhouse LLP.

"As New York City struggles to overcome a \$1.1 billion deficit and an unemployment rate of 7.5 percent, this regressive legislation represents another step backwards in our efforts to improve the economic climate and job growth in New York City. Restaurant and hotel owners will surely suffer significant economic losses as a result of this legislation. I fully expect to see some restaurants go out of business," said Scott Wexler, Executive Director of the United Restaurant, Hotel, Tavern Association of New York State, which sponsored the study.

Mr. Wexler was referring to City Council Bill Intro 232A, which proposes a virtual smoking ban in New York City restaurants and hotels. Hundreds of restaurant and hotel owners in Manhattan, Queens, the Bronx, Brooklyn and Staten Island have written or called members of the City Council urging defeat of Intro 232A.

The Price Waterhouse study, which surveyed 300 representatives from restaurants and 101 representatives from hotels and motels in New York City, found that 36 percent of restaurant owners and managers and 25.7 percent of hotel and motel owners expected the proposed smoking ban to result in a decrease in sales. Of those who expected a sales decline, the average expected decrease in sales was 25.9% for restaurants and 22.3% for hotels and motels.

The average net change expected by New York City restaurant owners was an 8.1 percent decrease in sales as a result of the ban. According to figures provided by the Bureau of the Census and the City of New York Department of Finance, an 8.05 percent decrease in consumer expenditures in restaurants would result in \$16.4 million in annual lost city sales tax revenue, 9,217 lost jobs and \$410.1 million in lost sales.

Among hotel and motel owners in New York City, the survey found an average expected net change of 5.8 percent decrease in sales. According to figures provided by the Bureau of the Census and City of New York Department of Finance, a 5.8 percent decrease in consumer expenditures at hotels and motels would result in \$10.6 million in annual lost city sales tax revenue, 1,815 lost jobs and \$123.3 million in lost sales.

"Clearly, the politicians have not learned the lessons of 1990. How many times do we need to enact legislation clearly harmful to the tourism and convention industry of New York before we realize that such legislation results in higher unemployment, higher vacancy rates and loss of tourism," said Wexler.

Mr. Wexler was referring to the hotel tax passed by New York State in 1990. The tax, which caused significant economic harm to New York's tourism industry, has since been rolled back by New York State, resulting in a resurgence of tourism and significant gains in hotel occupancy rates.

The survey also found that smoking customers and their companions, on average, constitute 37 percent of the total annual sales of the restaurants contacted and 45.2 percent of the total annual sales of the hotels and motels that responded. Over 60 percent of all restaurant owners surveyed

2046287604

were against increased smoking restrictions as proposed by the City Council, while only 28 percent support the smoking ban. More than half of the hotel and motel owners surveyed were against increased restrictions, with a mere 18 percent supporting the proposed ban.

"These figures should represent a wake-up call to Speaker Vailone, the City Council and Mayor Giuliani. The message from New York City's hospitality industry to the City Council and the Mayor is clear--reject the smoking ban," concluded Wexler.

The United Restaurant, Hotel, Tavern Association of New York State, founded in 1934, represents over 5,000 restaurants, hotels and taverns in New York State as well as over 500 in New York City.

CONTACT: Scott Wexler, executive director of United Restaurant, Hotel, Tavern Association of New York State, 518-436-8121

2046287605