



**One Year Later: A Status Report on the
Health Effects and Economic Benefits of
Madison's Comprehensive Clean Indoor
Air Ordinance**

December 4, 2006

Restaurants and bars are doing well financially and breathing easier one year after the implementation of the state's first two comprehensive Clean Indoor Air laws in Appleton and Madison.

Despite regular, well-publicized warnings of financial disaster by the Tavern League, all objective evidence indicates that the restaurant and tavern industry remains vital. There is substantial evidence that the food and beverage industry has experienced continued growth and that the elimination of secondhand smoke has improved the health of Madison residents.

Financial Analysis

Revenue data for individual establishments or the industry as a whole in Madison is not available. While this data is a standard measure of industry health, it is limited in accuracy because the tavern industry, less so than the restaurant industry, is heavily cash-based. As such revenue reports are reported on a cash basis with obvious benefits for under-reporting. As a substitute for revenue data, we have analyzed two comparable measures of economic activity: employment and licensure.

Employment

The restaurant and tavern industry in Madison comprise the vast majority of the revenue and employment of the overall industry in Dane County. Most eating and drinking establishments, as well as those with the greatest revenue volume are located in Madison. As such, they employ the greatest percentage of employees. Therefore, data of employment in Dane County is a valid proxy of employment in Madison.

Average monthly employment from July 2004 – July 2005 was 19,927. From July 2005-July 2006, average monthly employment was 20,114- an increase of **.9%**. We do not infer that the increase in employment was due to the implementation of the ordinance. However, we can conclude that the ordinance did not adversely affect employment in the food service and tavern industry in the Madison area.

Issuance of Licenses

One of the key indicators of industry vitality is the number of establishments. The addition of new establishments is a strong signal that entrepreneurs believe opportunities exist and continued growth is likely.

Verifiable records from the Madison Alcohol Review Commission indicate that in the one year period following implementation of the ordinance **39** new liquor licenses were issued. In addition, three additional licenses were issued for bars at the Dane County airport.

These new licenses are not only for restaurants. Many of the new establishments are taverns (defined statutorily as receiving 50% of revenue from alcohol sales). These include the Palace Latin Club, Candessence, Max's Grill & Bar, the Ale Asylum and RP Adlers. Nor are these new bars only located downtown; many of the establishments including the Ale Asylum, Adler's, Cloud 9 Grille, and Erin's Snug Irish Pub are on the periphery of Madison.

As of November 8th, 2006, a total of 347 class B combination licenses were issued in the City of Madison compared to 333 as of September 2005.

Examination of licensures indicates that turnover of restaurants and taverns continue to occur despite the ordinance. New owners have bought existing businesses and sought re-licensure for the Lava Lounge, Shamrock, Stadium Bar, CJ's (now Mexicali Rose) and Houlihans.

The fact that a few bars closed in the past year after struggling financially for a long-time cannot be attributed to the passage of the ordinance. Unlike many other viable tavern and restaurant businesses, no buyer was found for these establishments.

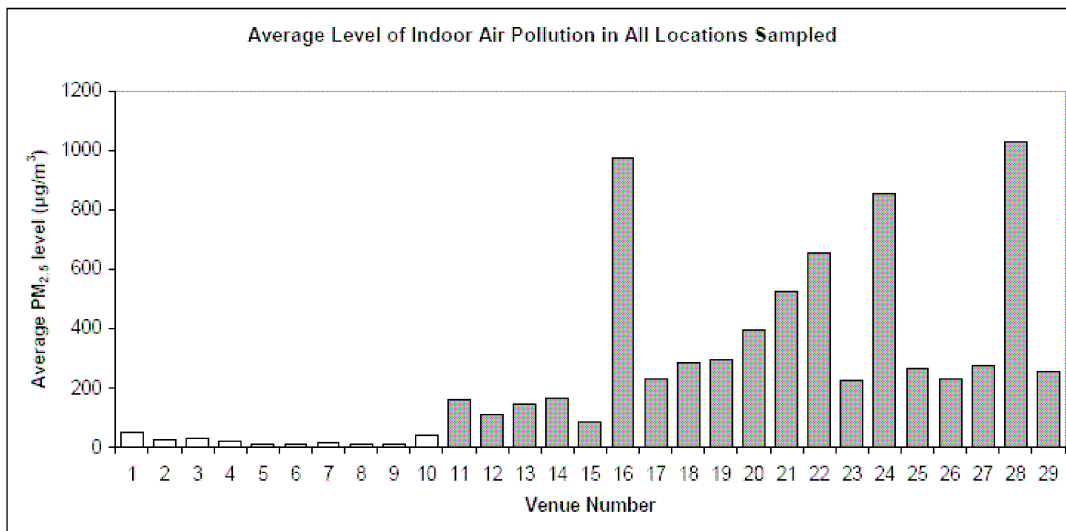
Clean Air

The purpose of the Appleton and Madison City Clean Indoor Air ordinances is to provide an indoor environment in which it is safe to breath. Surveys of air quality in Madison (before the ordinance) and in the Fox River Valley indicate that most drinking and eating establishments had unsafe levels of air toxins from secondhand smoke. Exposure to secondhand smoke has both immediate and long-term adverse effects, most

commonly lung and heart disease. As noted in the 2006 Surgeon General's Report, there is no safe level of exposure to tobacco smoke.

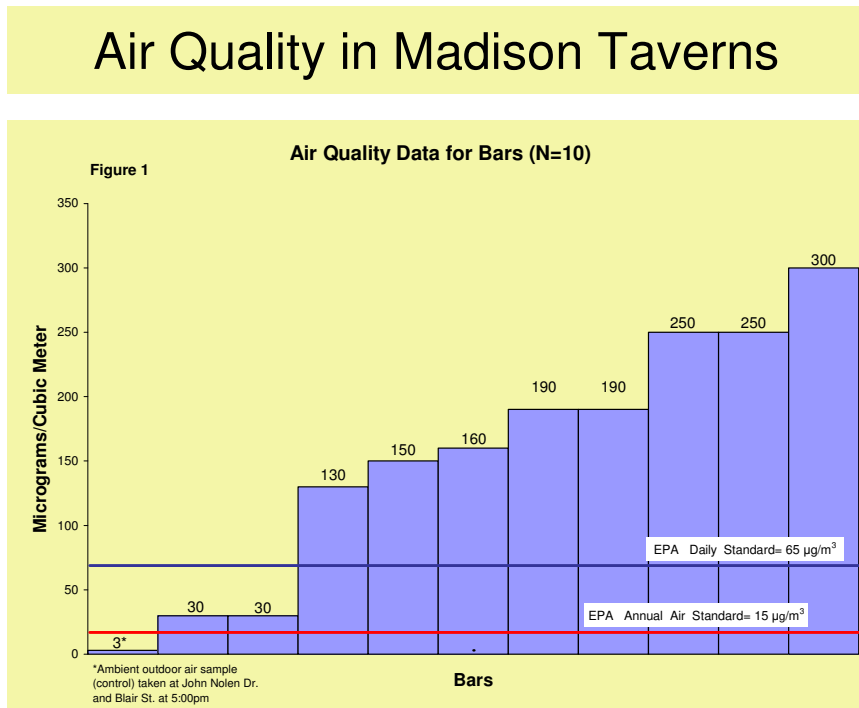
Figure 2 (below) indicates the results of air samples taken in a random sample of bars and restaurants in the Fox River Valley. Ten of the samples were taken in smoke-free Appleton and nineteen were taken in Green Bay. Two establishments in the Fox River Valley had air pollution that was more than **fifteen** times the permissible EPA limit of 65 micrograms in a single day. Compare the data from these establishments shaded in gray to those in the white boxes in Appleton after passage of the ordinance where the air was relatively free of the contaminants.

Figure 2. Average Level of Indoor Air Pollution in Each Location Visited, Wisconsin, October 13 to November 6, 2005



As indicated in **Figure 3** (below), data from Madison air samples taken before the implementation of the ordinance also indicated high levels of tobacco smoke. In some cases, levels of smoke were five times the EPA limit. However, density of tobacco smoke declined by 91% after the passage of the ordinance.

Figure 3: Air Quality



Conclusion:

Over the past year, opponents of Clean Indoor Air ordinances have predicted many dire consequences that would result from this law. The President of the Dane County Tavern League predicted in August, 2005 that, “There’ll be at least 10 bars closing in the next 30 to 60 days” as a result of the ordinance. (Wisconsin State Journal, August 15, 2005)

Despite the fact that verifiable evidence indicates that employment has increased by .9% in the year following the passage of the ordinance, and that the total number of liquor licenses have increased, many media outlets continue to repeat the story that the

food and tavern industry is at disaster levels of losses due to the ordinance. Numerous versions of a story of a single bar closing are run with out a single mention on the opening of 39 new bars and restaurants.

The really critical news, however, is that eating and drinking establishments are now safe to breath in. Prior to the ordinance, tens of thousands of patrons and employees were regularly subject to high levels of secondhand smoke every day in the City of Madison. We now know from a medical study of non-smoking bartenders in the city, that those people who were regular patrons and employees have seen their health improved after the implementation of the ordinance. (Cancer Surveillance Brief: Smoke-free bars associated with reduced exposure to secondhand smoke and fewer upper respiratory symptoms. March 2006, UW Cancer Center) This law works because it benefits the health of thousands of people every day and has done no harm to the economic health of the city.