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Response to “Smoking Ban Economic Effect Analysis” by PricewaterhouseCoopers (PwC) [regarding New Jersey]

The PwC report concludes that the proposed smokefree law will cause gaming revenues to drop by 20% during the first two years the law is in effect. Like many other such “studies” produced on behalf of the tobacco industry and its allies, this “report” is not based on any hard data, but rather makes a series of unsupported assumptions.

In particular, the PwC conclusion is driven by a series of unsupported and unbalance assumptions. Correcting for just one of these unbalanced assumptions leads to the conclusion that gaming revenue would actually increase by 7% during the first two years the law was in effect.

To determine the effect of the Delaware smokefree law on gaming revenue in DE, PwC reduces total DE gaming revenue by over \$98 million with no empirical support for their adjustments. PwC also ignores the fact that Dover Downs (in Delaware) now advertises the fact that they are a smokefree establishment, which would be an odd thing to do if they are in fact hurt by being smokefree.

In calculating the effect of the smokefree law on Atlantic City casinos, PwC does not acknowledge the vast differences between the types of gaming that are legal in Delaware (limited to video lottery machines) and the types of gaming that are legal in Atlantic City.

In projecting future revenues under a smokefree law, PwC assumes that smokers will reduce their number of trips to the casinos by 13% the first year and 16% the second year. Paradoxically, they assume that nonsmokers will not change their behavior in either year. No empirical evidence was presented to support either of these assumptions.

PwC also assumes that smokers will spend 12.3% less per visit their first year and 10% less per visit the second year, again with no assumed change to spending by nonsmokers. No empirical evidence was presented to support either of these assumptions.

Simply assuming that nonsmokers will increase their visits and spending at the same rates that smokers decrease their visits and spending indicates that total gaming revenues in Atlantic City would *increase* by 7%.

In contrast to these claims, the actual experience has been that smokefree policies are good for the hospitality business. The only business they hurt is the tobacco business.

Learn more about the real economics of smokefree policies at  
<http://www.tobaccoscam.ucsf.edu/fake/index.cfm>