



Six Months — after — Implementation *of* a Smoke-Free Ordinance

Mississippi municipalities have had great success in implementing smoke-free ordinances. However, concerns over lost gaming revenue have stalled statewide efforts for smokefree legislation. The experience of a New Orleans casino following the implementation of a smokefree ordinance provides insight into what Mississippi might expect if the state were to join 24 other states and the District of Columbia in passing comprehensive smokefree legislation.

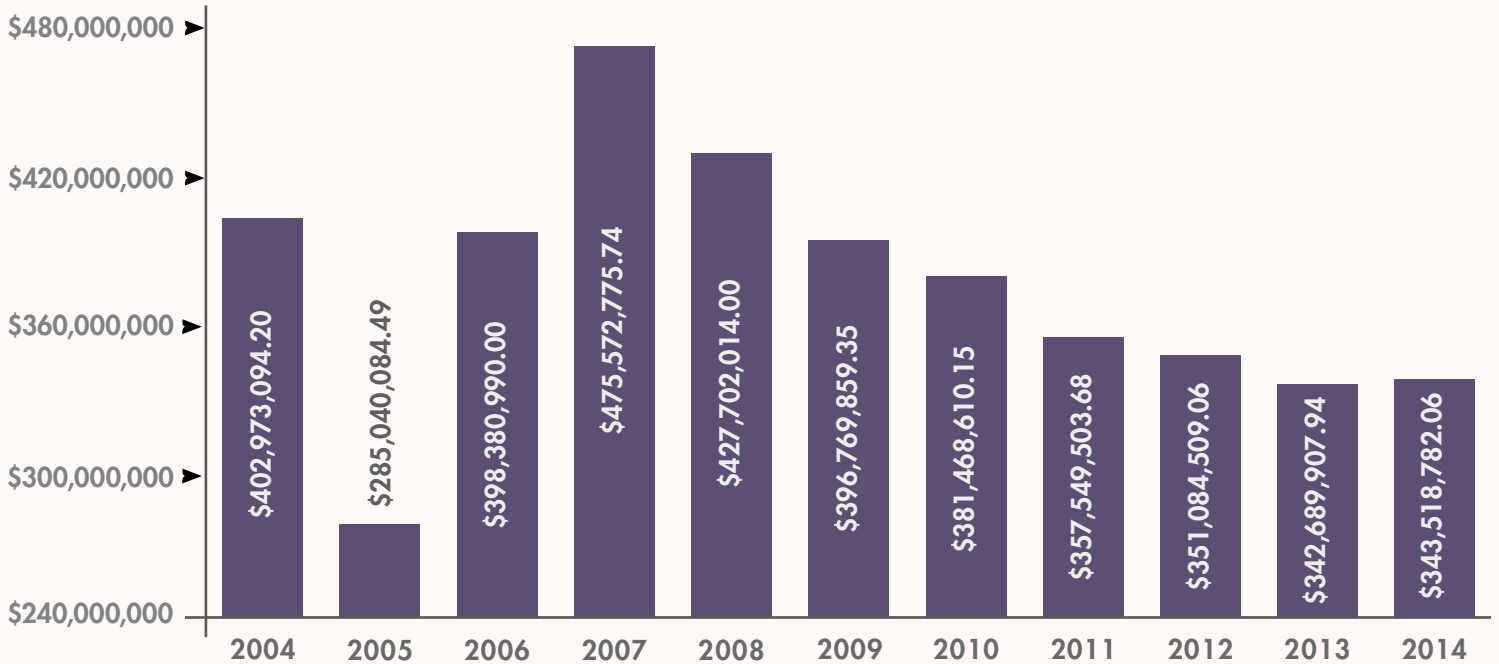
Despite public relations campaigns and legal attacks from Harrah's Casino, New Orleans implemented a comprehensive smoke-free ordinance in late April of 2015. Harrah's predicted dire financial consequences and released May gross gaming revenue (GGR) confirming a 16 percent decrease in revenue in May 2015 compared to May 2014 for Harrah's New Orleans. The casino experienced another year over year decrease in June.

Outside of any context, revenue data from the first two months following the smoke-free ordinance would appear to support their concerns. However, Harrah's had been on a downward trajectory prior to the smoke-free ordinance. Data from the Louisiana State Gaming Control Board demonstrate that monthly GGR in 2015 has been down every month this year compared to 2014. Moreover, annual revenue has decreased every year since 2007, with the exception of no change from 2013 to 2014. The chart on the following page illustrates this overall downward trend in revenue for Harrah's New Orleans dating back 2007, well before the smoke-free ordinance was implemented. Note that GGR is adjusted for inflation using the Consumer Price Index.



Harrah's
New Orleans

Annual Gross Gaming Revenue for Harrah's New Orleans



Harrah's New Orleans had been declining revenue years before smoke-free ordinance

A closer analysis of year over year revenue prior to and after implementation of the New Orleans smoke-free ordinance provides more insight on to the question of whether or not the ordinance impacted Harrah's New Orleans revenue. One concern expressed by the casino was that Harrah's New Orleans would lose customers to the nearby riverboat casinos. The riverboats are not subject to the ordinance, and perhaps smokers would opt to go to these casinos. The chart below illustrates year over year comparisons of inflation-adjusted GGR for the past year, for both Harrah's new Orleans and the New Orleans area riverboat casinos. Year over year comparisons examine revenue from one month to the same month of the previous year, and are a useful way to

negate the effects of seasonality. Note that year over year revenue for Harrah's New Orleans decreased for 5 of the six months prior to the smoke-free ordinance, a time period in which the ordinance would not have impacted revenue. Although year over year revenue was more volatile during the 6 months after the ordinance, the average decrease did not differ for the six months before (-7.0%) and six months after the ordinance. (-6.5%). Furthermore, year over year revenue for the riverboat casinos did not increase after the implementation of the smoke-free ordinance in April, providing no support for concerns that gamblers would turn to these casinos in order to smoke and play.

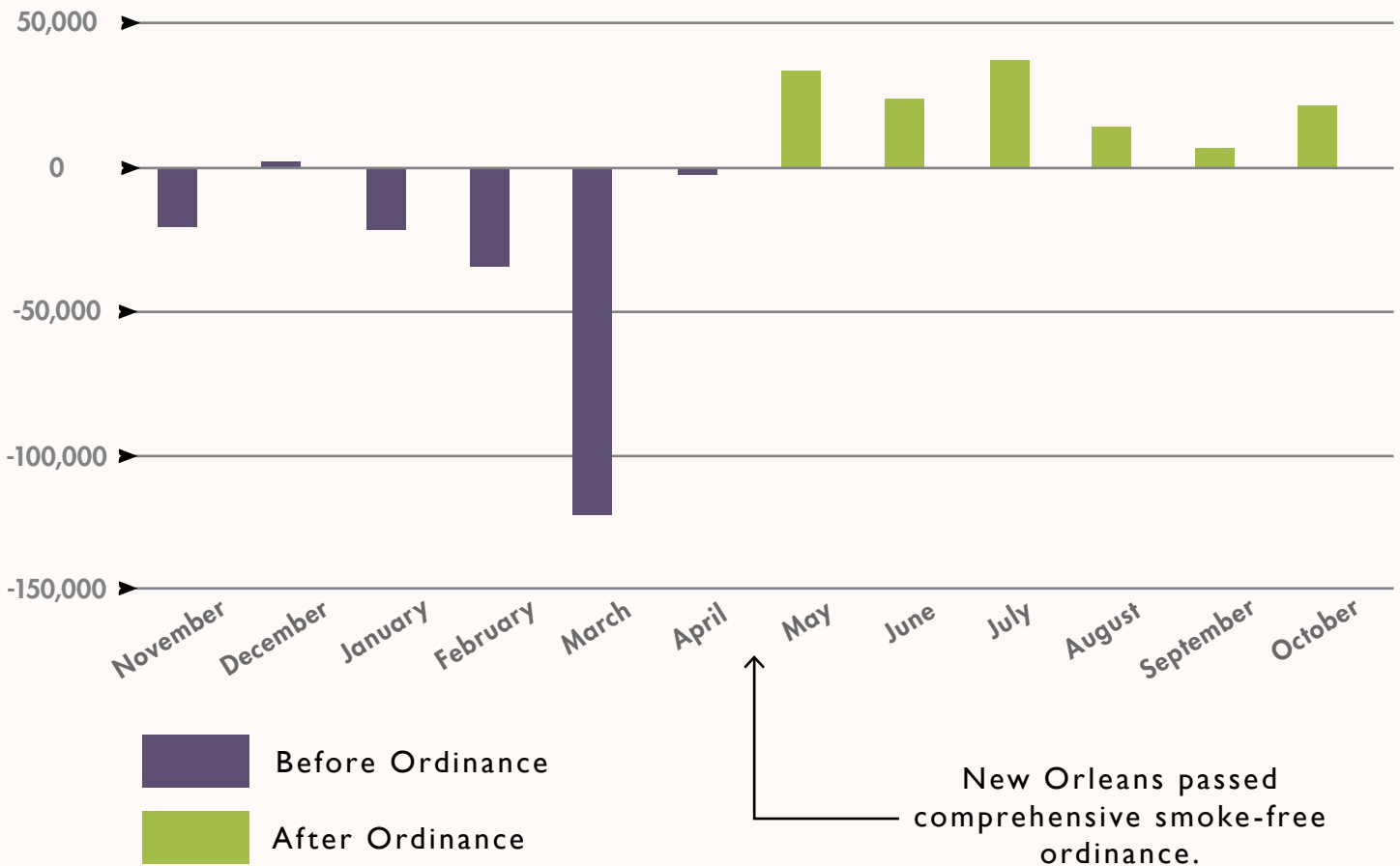
Year Over Year Gaming Revenue Changes at Harrah's New Orleans and New Orleans Riverboat Casinos



No change in revenue following smoke-free ordinance and no evidence for revenue moving from Harrah's New Orleans to riverboat casinos.

The Louisiana State Gaming Control Board also releases admissions data for each casino. Compared to 2014, admissions were down in the first quarter of 2015. Each month experienced decreased admissions from the previous year. However, this downward trend in admissions ended after the smoke-free ordinance. Admissions in May of 2015 actually increased by 8.3% from May of 2014, with 34,714 more people visiting Harrah's New Orleans during the first month of the smoke-free ordinance. As the chart below, increased year over year admissions have continued each month after the ordinance.

Year Over Year Admission Changes for the Past 12 Months



Admissions to Harrah's New Orleans increased after smoke-free ordinance.

Six months is not enough time to evaluate the impact of the smoke-free ordinance on business. However, the year over year GGR from the first six months do not suggest any change in the ongoing trend for Harrah's New Orleans that existed years prior to the smoke-free ordinance, and admissions have increased every month following the ordinance. There is nothing in gaming revenue and admissions data following the New Orleans smoke-free ordinance that suggests Mississippi gaming revenue would drop if the state passed a comprehensive smoke-free law. Furthermore, the Palace Casino in Biloxi voluntarily implemented a smoke-free policy in 2011 and has experienced sustained *growth* following this policy.

[{link to report}](#)

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