



THE SHRINKING ROLE OF TOBACCO FARMING AND TOBACCO PRODUCT MANUFACTURING IN NORTH CAROLINA'S ECONOMY

North Carolina Tobacco Farming Trends

Tobacco farming in North Carolina has been shrinking for years, with fewer tobacco farms producing less tobacco and playing an increasingly smaller role in the state's economy. In 2005, the \$10 billion buyout of tobacco farmers and quota holders as part of the termination of the federal tobacco price support program sharply accelerated these trends. Smaller family tobacco farms are no longer the rule but the exception as larger agribusinesses have taken their place.

	<u>1992</u>	<u>1997</u>	<u>2007</u>	<u>1997-2007 Change</u>	<u>1997-2007 Change %</u>
All Farms in North Carolina	51,854	49,406	52,913	3,507	7.1%
All Tobacco Farms	17,625	12,586	2,622	-9,964	-79.17%
Tobacco farms of less than 50 acres	5,634	3,212	322	-2,890	-90.0%
Total Farm Acreage in North Carolina	8,936,015	9,122,379	8,474,671	-647,708	-7.1%
Tobacco Farm Acreage	283,900	317,944	170,083	-147,861	-46.5%
Tobacco Farm Acreage - Percent of Total	3.2%	3.5%	2.0%	NA	NA

Source: U.S. Department of Agriculture, *2007 Census of Agriculture*, February 2009, and earlier editions (Census is done every five years), <http://www.agcensus.usda.gov/index.asp>.

North Carolina Tobacco Product Manufacturing Employment

Even in North Carolina, the state with the most tobacco manufacturing jobs, related employment makes up less than 2% of all state manufacturing jobs, and a much smaller fraction of total state employment. Tobacco manufacturing jobs typically pay more than other manufacturing jobs, but total compensation for tobacco manufacturing jobs in North Carolina still accounts for only 3.1% of total manufacturing employment compensation in the state. The total annual payroll for all tobacco manufacturing employment in North Carolina was \$599 million in 2006 (the most recent year for which data is available from the Annual Survey of Manufacturers), compared to a total manufacturing payroll in the state of more than \$19.2 billion.

	<u>1997</u>	<u>2003</u>	<u>2006</u>
All state manufacturing employment	773,679	569,379	501,847
- Tobacco product manufacturing employment	12,268	9,257	8,760

Source: U.S. Census Bureau, Annual Survey of Manufactures, <http://www.census.gov/mcd/asmhome.html>, data for 2006 is the most recent available. NS = None or Not Significant (not listed in census). NA = Not Available.

Sales of Cigarettes in North Carolina. Taxed cigarette pack sales have also declined considerably in North Carolina over the past decade, making them a less significant factor in total retailer sales.

	<u>1998</u>	<u>2008</u>	<u>Change</u>	<u>Change %</u>
Total Annual Cigarette Pack Sales	922.5 million	669.9 million	-252.7 million	-27.4%

Source: Orzechowski & Walker, *The Tax Burden on Tobacco*, annual industry-funded historical compilation.

The Toll of Smoking and Other Tobacco Use on North Carolina. While the tobacco industry is increasingly less important to North Carolina's economy, the harms and costs from smoking in the state remain high. For example:

<i>Smoking-caused deaths in the state each year:</i>	12,200
<i>Annual smoking-caused excess healthcare costs in the state:</i>	\$2.5 billion
<i>Smoking-caused productivity losses in the state each year:</i>	More than \$3.3 billion

Source: U.S. Centers for Disease Control & Prevention. Amounts in 2004 dollars. Productivity loss amount does not include losses from smokers taking cigarette breaks and having more sick days than nonsmoking employees.

More active state efforts to prevent and reduce smoking and other tobacco use would improve public health; save lives; increase worker productivity; reduce government, business and household costs; and strengthen the state's economy.

Campaign for Tobacco-Free Kids, March 11, 2009