

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.

Tobacco Farm Trends, North Carolina

	2002	2012	2022	2002-2022 Change	2002-2022 Change %
All farms in North Carolina	53,930	50,218	42,817	-11,113	-20.6%
All tobacco farms	7,850	1,682	822	-7,028	-89.5%
Tobacco farms of less than 50 acres	1,908	163	NA	NA	NA
Total farm acreage in North Carolina	9,079,001	8,414,756	8,128,136	-950,865	-10.5%
Tobacco farm acreage	167,677	167,443	116,224	-51,453	-30.7%
Tobacco farm acreage - percent of total	1.8%	2.0%	1.4%	NA	NA

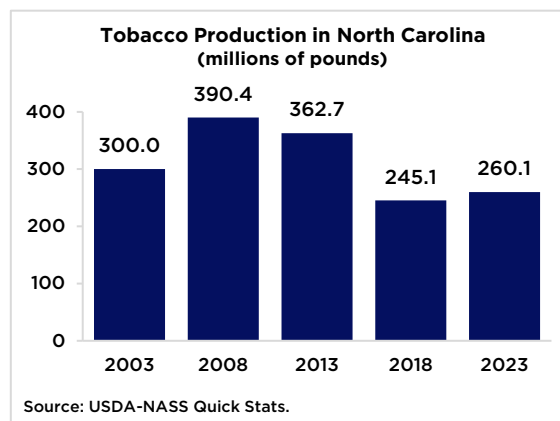
Source: U.S. Department of Agriculture, *2022 Census of Agriculture*, February 2024, and earlier editions (Census is done every five years), <https://www.nass.usda.gov/AgCensus/>. NA = Not Available.

The trend in the amount of tobacco harvested in North Carolina reflects the declines in tobacco farms. In the past 20 years, tobacco production in the state has declined 13.3 percent, to 260.1 million pounds harvested in 2023.

North Carolina Tobacco Product Manufacturing Employment

Even in North Carolina, the state with the most tobacco manufacturing jobs, related employment made up 1.2% of all state manufacturing jobs in 2021 (the most recent year available), 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 1.6% of total manufacturing employment compensation in the state. The total annual payroll for all tobacco manufacturing employment in North Carolina was \$377.41 million in 2021 compared to a total manufacturing payroll in the state of more than \$24.3 billion.



Tobacco Manufacturing Employment Trends, North Carolina

	1997	2003	2015	2021
All state manufacturing employment	773,679	569,379	408,840	418,556
Tobacco product manufacturing employment	12,268	9,257	6,202	5,113

Source: U.S. Census Bureau, Annual Survey of Manufactures, data for 2021 are the most recent available.

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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.

Total Annual Cigarette Pack Sales				
1997	2013	2023	1997-2023 Change %	2013-2023 Change %
919.5 million	560.6 million	482.4 million	-47.5%	-13.9%

Source: Orzechowski & Walker, *The Tax Burden on Tobacco*, 2023, annual industry-funded historical compilation.

The Toll of Smoking and Other Tobacco Use in North Carolina

While the number of farms and jobs from tobacco farming and manufacturing have been declining sharply in North Carolina, the harms and costs from smoking in the state remain high. For example:

- Smoking-caused deaths in the state each year: 14,200
- Annual smoking-caused excess healthcare costs in the state: \$4.42 billion

Source: U.S. Centers for Disease Control & Prevention, *Best Practices for Comprehensive Tobacco Control Programs*, 2014. Health care costs adjusted to 2018 dollars.

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

