

The Shrinking Role of Tobacco Farming and Tobacco Product Manufacturing in Virginia's Economy



Virginia Tobacco Farming Trends

Tobacco farming in Virginia has been shrinking for years, with fewer tobacco farms playing a 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, Virginia

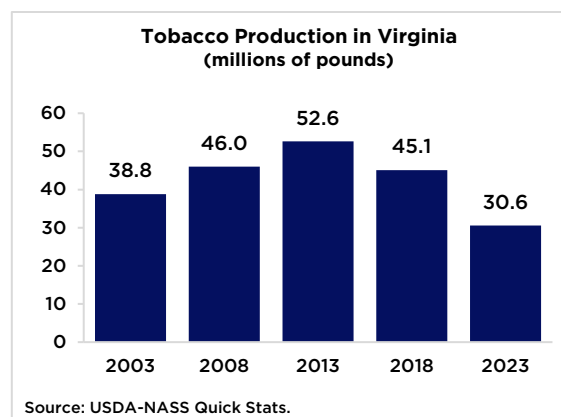
	2002	2012	2022	2002-2022 Change	2002-2022 Change %
All farms in Virginia	47,606	46,030	38,995	-8,611	-18.1%
All tobacco farms	4,184	558	173	-4,011	-95.9%
Tobacco farms of less than 50 acres	1,246	87	NA	NA	NA
Total farm acreage in Virginia	8,624,829	8,302,444	7,309,687	-1,315,142	-15.2%
Tobacco farm acreage	30,308	22,982	12,634	-17,674	-58.3%
Tobacco farm acreage - percent of total	0.4%	0.3%	0.2%	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 Virginia reflects the declines in tobacco farms. In the past 20 years, tobacco production in the state has declined 21.1 percent, to 30.6 million pounds harvested in 2023.

Virginia Tobacco Product Manufacturing Employment

Even in Virginia, which is second only to North Carolina for most tobacco manufacturing jobs, related employment made up about one percent of all state manufacturing jobs in 2021 (most recent year available), and an even smaller fraction of total state employment. Tobacco manufacturing jobs typically pay more than other manufacturing jobs, but total compensation for tobacco manufacturing jobs in Virginia still accounts for only a small percentage of total manufacturing employment compensation in the state.



Tobacco Manufacturing Employment Trends, Virginia

	1997	2003	2015	2021
All state manufacturing employment	370,731	295,858	230,050	229,018
Tobacco product manufacturing employment	9,865	6,401	2,231	1,000-2,499

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 Virginia

Taxed cigarette pack sales have also declined considerably in Virginia 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 %
721.2 million	568.2 million	321.2 million	-55.5%	-43.5%

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

The Toll of Smoking and Other Tobacco Use in Virginia

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

- Smoking-caused deaths in the state each year: 10,300
- Annual smoking-caused excess healthcare costs in the state: \$3.61 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 Virginia would improve public health; save lives; increase worker productivity; reduce government, business and household costs; and strengthen the state's budget and economy.

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