



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

Tennessee Tobacco Farming Trends

Tobacco farming in Tennessee 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</u> <u>Change</u>	<u>1997-2007</u> <u>Change %</u>
All Farms in Tennessee	75,076	76,818	79,280	2,462	3.2%
All Tobacco Farms	22,953	15,608	1,613	-13,995	-89.67%
Tobacco farms of less than 50 acres	10,538	6,261	413	-5,848	-93.4%
Total Farm Acreage in Tennessee	11,169,086	11,122,363	10,969,798	-152,565	-1.4%
Tobacco Farm Acreage	75,621	60,414	20,109	-40,305	-66.7%
Tobacco Farm Acreage - Percent of Total	0.7%	0.5%	0.2%	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>.

Tennessee Tobacco Product Manufacturing Employment

Even in the two states with the most tobacco manufacturing (North Carolina & Virginia), related employment makes up less than 2% of all state manufacturing jobs, and even smaller fractions of total employment.

	<u>1997</u>	<u>2003</u>	<u>2006</u>
All state manufacturing employment	484,636	384,719	373,884
- Tobacco product manufacturing employment	NS	NS	NS

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 Tennessee

Taxed cigarette pack sales have also declined considerably in Tennessee 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	636.8 million	428.7 million	-208.1 million	-32.7%

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

The Toll of Smoking and Other Tobacco Use on Tennessee

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

<i>Smoking-caused deaths in the state each year:</i>	9,700
<i>Annual smoking-caused excess healthcare costs in the state:</i>	\$2.2 billion
<i>Smoking-caused productivity losses in the state each year:</i>	More than \$2.7 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 in Tennessee would improve public health; save lives; increase worker productivity; reduce government, business and household costs; and strengthen the state's budget and economy.

Campaign for Tobacco-Free Kids, February 19, 2009