



THE ECONOMIC IMPACT OF TOBACCO IN INDIANA

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ELIMINATING TOBACCO PRODUCTION AND CONSUMPTION IN INDIANA WOULD LEAD TO HIGHER EMPLOYMENT, INCOME AND POPULATION.

There is no question that eliminating tobacco use in Indiana would save lives and money. Tobacco contributes to more than 11,000 Hoosier deaths per year, and employees who smoke cost Indiana businesses an estimated \$3.1 billion in 2022. But what would happen to Indiana's economy if tobacco production and consumption ceased to exist?

Arguments have been posited that the tobacco industry plays a key role in state economies, and decreasing tobacco consumption would reduce employment, incomes, and state tax revenue.

But a new economic analysis shows that eliminating tobacco in Indiana – whose smoking rate remains higher than the national average – would drive substantial economic gains for the state.

While eliminating tobacco entirely is highly unlikely, this analysis shows a decrease in tobacco production and consumption would save lives, which generates a positive economic impact, and redistribute money toward different goods and services. The result would be higher employment, income, and population statewide.



AFTER 20 YEARS, DISPOSABLE PERSONAL INCOME WOULD BE \$1.6 BILLION HIGHER THAN THE STATUS QUO.

YEAR	2023	2027	2032	2042
1 EMPLOYMENT NET INCREASE IN NUMBER OF JOBS	2,661	9,498	11,136	13,879
2 INCOME NET INCREASE IN DISPOSABLE PERSONAL INCOME	\$302M	\$769M	\$1.05B	\$1.58B
3 POPULATION NET INCREASE IN NUMBER OF PEOPLE	1,824	11,007	18,227	25,217

METHODOLOGY

Researchers from the University of Illinois Chicago used a state-of-the-art macroeconomic model to analyze tobacco's impact. They projected one scenario in which tobacco production and consumption remained the status quo in Indiana, including specific analyses for Marion County and the remainder of the state. They created another projection in which they removed the consumption and production of tobacco entirely for the same geographies. The difference between the two projections shows the impact of tobacco on Indiana's economy.

KEY RESULTS

The findings centered on three key drivers of economic activity in the state: employment, income, and population.

1 EMPLOYMENT

In the first year that tobacco is eliminated, **Indiana would see a projected increase in jobs of 2,661, and this number would continue to grow over time.**

For industries that would initially see declines in employment – retail trade and state and local government – after 20 years, employment would return to or exceed the status quo.

2 DISPOSABLE PERSONAL INCOME

Incomes would grow in a tobacco-free Indiana, driven by an increase in wages and salaries. Cumulative disposable income would continue to grow over time. **After 20 years, disposable personal income would be \$1.6 billion higher** compared to the status quo forecast.

3 POPULATION

Indiana would see fewer deaths if tobacco were eliminated, and as a result, the population would be larger. In addition, a state with less smoking would be a more attractive place to live and work, which would drive an in-migration of residents. More companies would move to Indiana as business costs related to smoking decreased, and these employers would bring residents with them.

CONCLUSION

Despite arguments that eliminating tobacco would hurt the economy, according to this newly published report, quite the opposite is true. Indiana would see a substantial growth in jobs, incomes, and people if tobacco were eliminated, leading to a more prosperous state. While the complete elimination of tobacco in Indiana is unlikely, a decrease in tobacco production and consumption would still lead to positive health and economic outcomes.



MORE INFORMATION

To read the full report and see results for Marion County, as well as a list of data sources, visit RMFF.org/EliminateTobacco.