



State Board of Equalization

News Release

Betty T. Yee, Member

1st District – San Francisco

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**For Immediate Release
March 30, 2012**

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California Consumers Reduce Gasoline Consumption as Prices Soar 23% Year over Year Comparison Shows Gasoline Consumption Declined 1.8% in 2011

Sacramento – California gasoline prices jumped 23% in 2011 to an average of \$3.86 as consumer consumption dropped 1.8%, according to a report released today by Betty T. Yee, First District Member of the California State Board of Equalization (BOE).

“Many Californians are straining to pay the increasing price of gasoline and seeking ways to reduce their consumption such as driving vehicles that consume less gas or using alternative methods of transportation,” said Ms. Yee.

Diesel fuel prices in California went up 25% in the fourth quarter of 2011 to \$4.13 as consumption increased 2.3%. According to the BOE [Economic Perspective](#), the overwhelming majority of diesel fuel sold for use on California roads is for commercial trucks. The diesel market is affected by the economy, imports and exports through California ports, and supply and demand conditions in residential and nonresidential construction, and agriculture.

The decline in gasoline consumption began in 2005 and has continued since then as consumers, struggling with high prices, take steps to reduce their gasoline purchases, including driving fuel-efficient and hybrid vehicles, and taking alternative forms of transportation such as buses, light rail, and trains. California is a leader in promoting these methods to support conservation and reduce our dependence on foreign oil. In addition, consumers may be using less gasoline because of the national fuel economy standards that have increased the miles per gallon required for new cars.

The decline in gasoline use in California has also been affected by the high unemployment rates caused by the recession, which have reduced the number of drivers on the highways and the number of long commutes.

The national average price of a gallon of gasoline was up 17% in the fourth quarter of 2011 to \$3.43, while diesel prices increased 23% to \$3.87. According to the [Energy Information Administration](#), the cost of crude oil, which is set on the world market, determines about 72 percent of the price of gasoline. Some energy experts agree that the way to reduce gasoline price spikes is to decrease the dependence on oil, regardless of where the oil comes from.

Energy economist Severin Borenstein, with U.C. Berkeley's Haas School of Business, explained that oil prices drive gasoline prices and current oil prices are high. Global factors, such as high demand in India, China and elsewhere in the developing world, largely determine the price of oil. As a result, cut

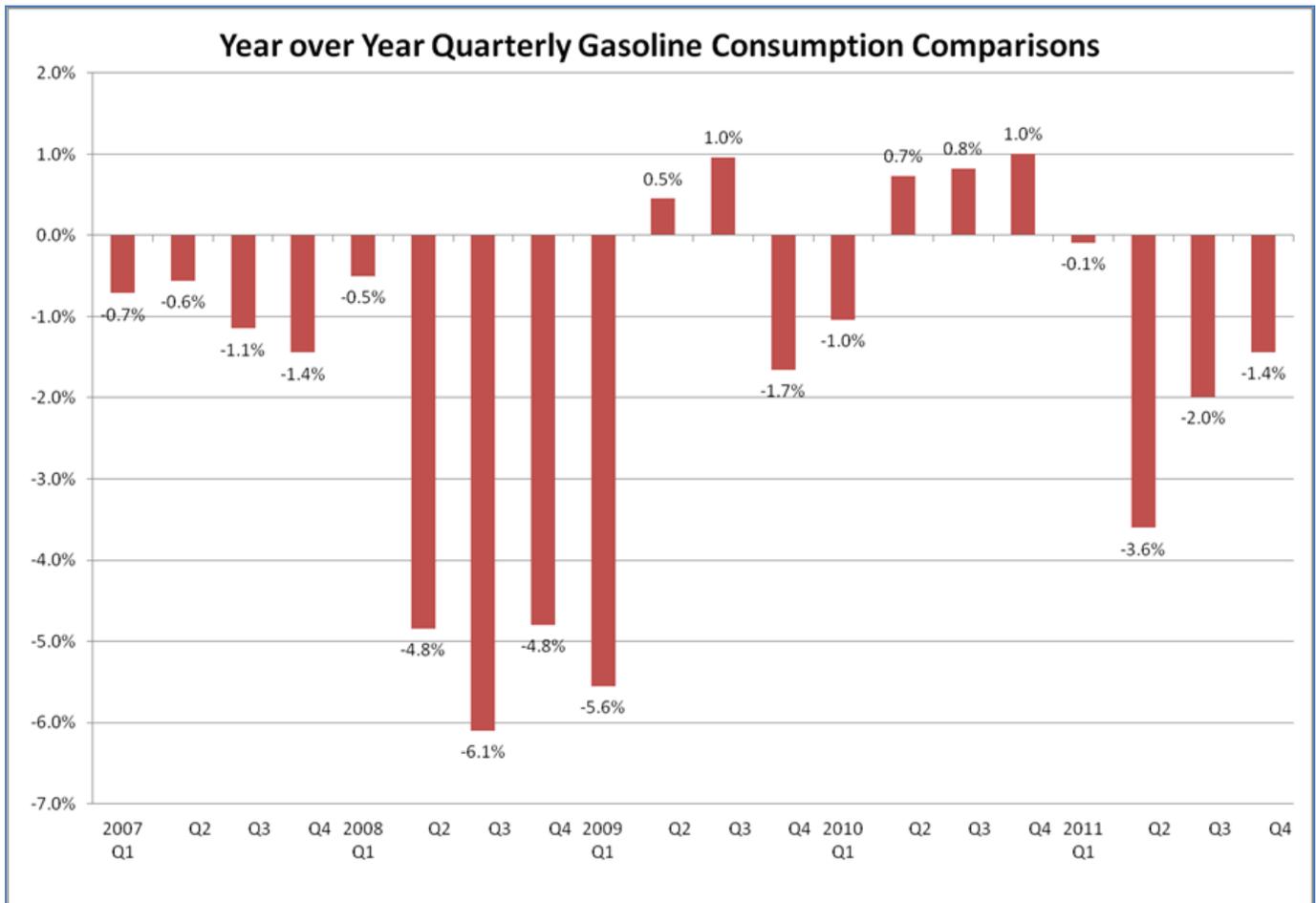
backs on gas purchases by Californians have only a minor impact on worldwide demand. Similarly, U.S. oil production has only a small impact on the world supply. U.S. oil production was up 13 percent in 2011 over 2008, but still remains less than one-tenth of the world oil market.

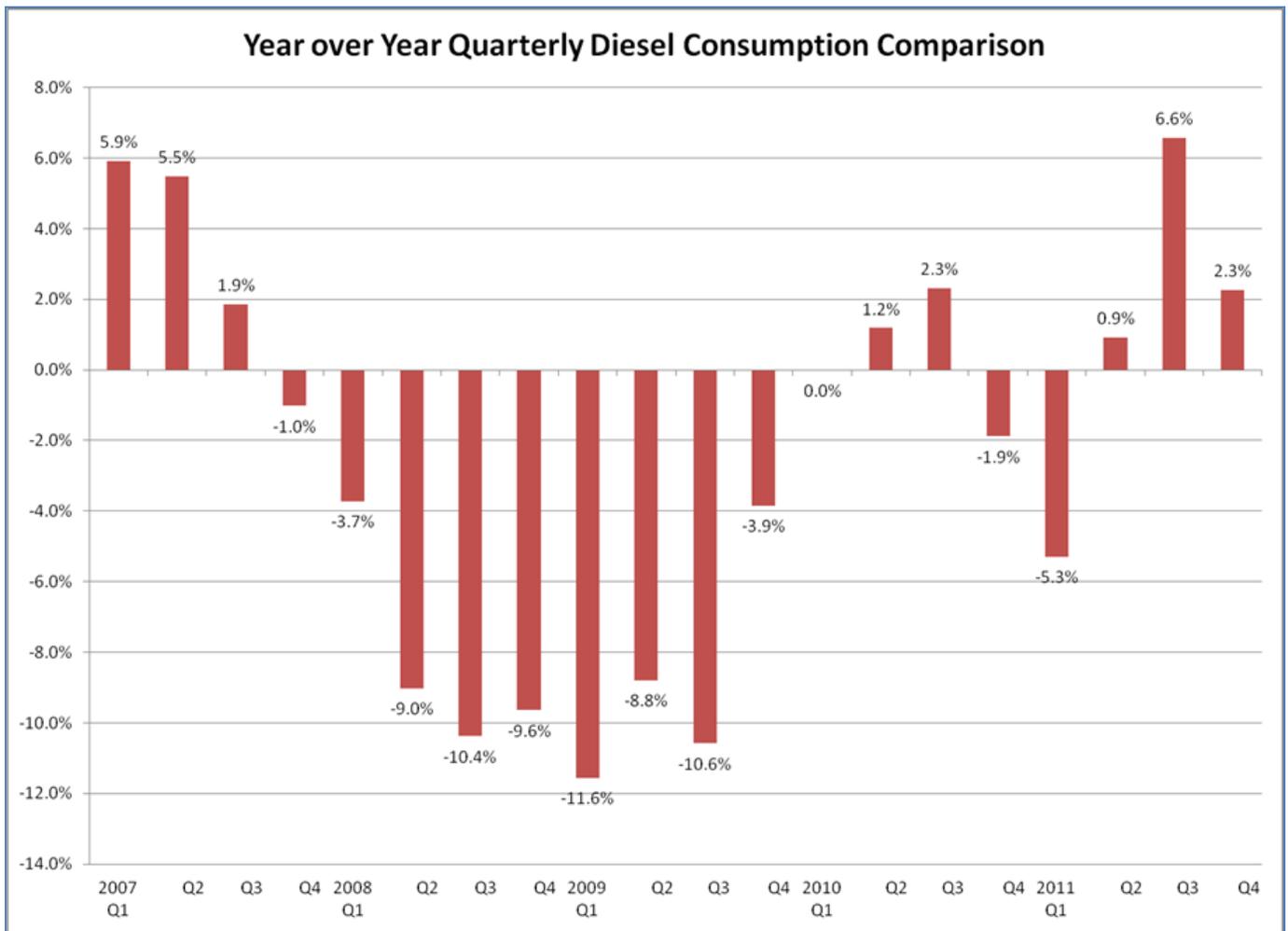
California gasoline and diesel fuel figures are net consumption, including audit assessments, refunds, amended and late tax returns, and the State Controller’s Office refunds. BOE is able to monitor gallons through tax receipts paid by fuel distributors in California. BOE updates the fuel reports at the end of each month.

Fuel Statistics and Reports www.boe.ca.gov/sptaxprog/spftrpts.htm

Taxable Gasoline Gallons Report: www.boe.ca.gov/sptaxprog/reports/MVF_10_Year_Report.pdf

Taxable Diesel Gallons Report: www.boe.ca.gov/sptaxprog/reports/Diesel_10_Year_Report.pdf





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Board Member Betty T. Yee was elected to her post in November 2006. Her district includes many of California's coastal counties, from Del Norte to Santa Barbara, and includes the entire San Francisco Bay Area. Ms. Yee previously served as Chief Deputy Director for Budget at the California Department of Finance, covering a wide array of state and local finance policy matters.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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