



State Board of Equalization

News Release

Chairman Jerome E. Horton

4th District – Los Angeles

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California Consumers Reduce Gasoline Consumption as Pump 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 Chairman Jerome E. Horton of the California State Board of Equalization (BOE).

“I’m very concerned about the high price of gasoline that California consumers are having to pay at the pump,” said Horton. “It is a heavy burden for California families who are already struggling to find creative ways of stretching their hard earned dollars.”

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.

Many Californians are struggling with high prices and taking steps to reduce their gasoline consumption. Measures to support Californians’ conservation efforts, such as the availability of fuel-efficient electric and hybrid vehicles and transportation alternatives, are increasingly important ways to save on gas costs. The decline in gasoline use in California began in 2005, a few years before the recession began. Gasoline use has also been affected by changes in commute patterns brought on by the recession and high unemployment rates -- especially in the decline of extremely long commutes. California is also a national leader in zero-emission vehicles, growing its electric vehicle infrastructure and helping to reduce our dependence on foreign oil. National fuel economy standards may also affect consumption in California.

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 up. Global factors largely determine the price of oil. However, because oil is a global commodity and demand in India, China, and elsewhere in the developing world is skyrocketing, responses by California’s consumers cutting back on gas purchases has only a minor impact on worldwide

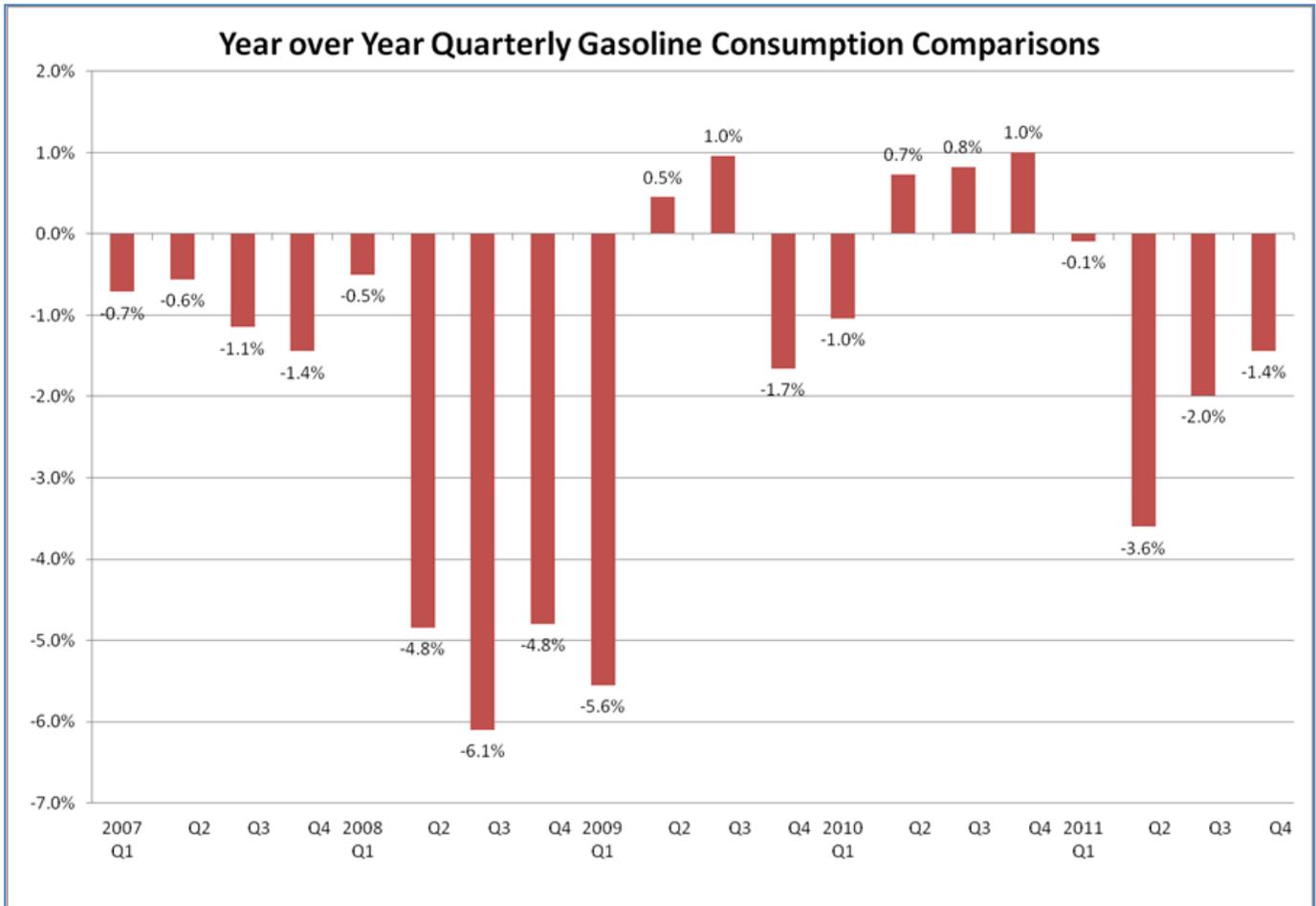
demand. U.S. oil production was up 13 percent in 2011 over 2008, but still remains less than one-tenth of the world oil market.

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 <http://www.boe.ca.gov/sptaxprog/spftrpts.htm>

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

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



Year over Year Quarterly Diesel Consumption Comparison



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Elected in 2010, Chairman Jerome E. Horton is the Fourth District Member of the California State Board of Equalization, representing more than 8.5 million residents in Los Angeles County. He is also the Board of Equalization Legislative Committee’s Chairman. He is the first to serve on the Board of Equalization with over 21 years of experience at the BOE. Horton previously served as an Assembly Member of the California State Assembly from 2000-2006.

The five-member California State Board of Equalization is a publicly elected tax board. The Board of Equalization 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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