

California's gasoline demand rose in July; diesel consumption declined

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SACRAMENTO ‐ Betty T. Yee, chairwoman of the Board of Equalization (BOE), on Oct. 28 released gasoline and diesel consumption figures for July 2009.

California gasoline demand rose by 2.2 percent in July compared to the same month of the previous year. Demand for on-road diesel fell a substantial 11.2 percent in July from the same period in 2008.

This is the third month of slight increase in gasoline consumption.

In July 2009, gasoline demand rose 2.2 percent when Californians used 1.284 billion gallons of gasoline compared to 1.257 billion gallons the same month last year.

The average California gasoline price at the pump in July was \$2.92 per gallon compared to \$4.51 in July 2008, a 35.3 percent decrease from a record high price.

State gasoline consumption had increased 0.45 percent during the second quarter of 2009 ‐ the first quarterly increase in three years. The increased gas consumption means increased gas tax revenues.

Gasoline sold in July generated approximately \$310 million in sales tax during that month, an estimated \$109 million less than generated last year.

July sales tax revenues from gasoline would have been about \$35 million less had not the state portion of the sales and use tax rate increased from 5 percent to 6 percent on April 1.

Diesel fuel sold in California during July totaled 215.77 million gallons compared to last year's July total of 243.10 million gallons, which is a decline of 11.2 percent.

California diesel prices were \$2.73 per gallon in July 2009 down 44.9 percent compared to July 2008 when the average diesel price was \$4.97 per gallon.

While the diesel gallons reflected in the July numbers are down 27.3 million gallons, indicating a decline of 11.2 percent, the reduction in consumption is likely to be less.

The actual decline may be closer to 17.7 million gallons, a decline of 7.3 percent, because the July 2009 figures include refunded gallons of 9.6 million gallons. The gallons included in the monthly consumption numbers are always net of audit assessments and refunds. The July 2009 refunds were larger than most and may have skewed the actual amount of decline.

Last month, the BOE reported that diesel consumption in California declined 8.8 percent in the second quarter of 2009. Diesel consumption generally follows economic activity during a recession.

The BOE is able to monitor gallons through tax receipts paid by fuel distributors. Figures for August 2009 are scheduled to be available at the end of November 2009.

All monthly, quarterly, and annual figures can be viewed at: www.boe.ca.gov/sptaxprog/spftrpts.htm .