

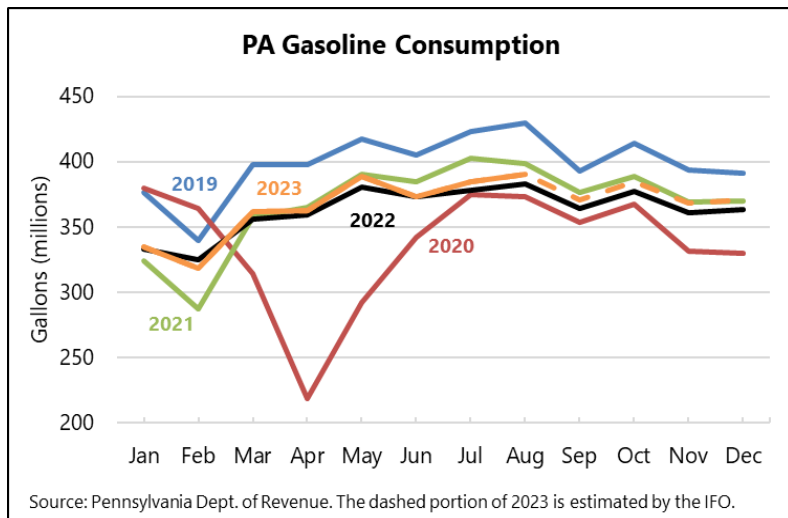
# Gasoline Consumption Remains Subdued



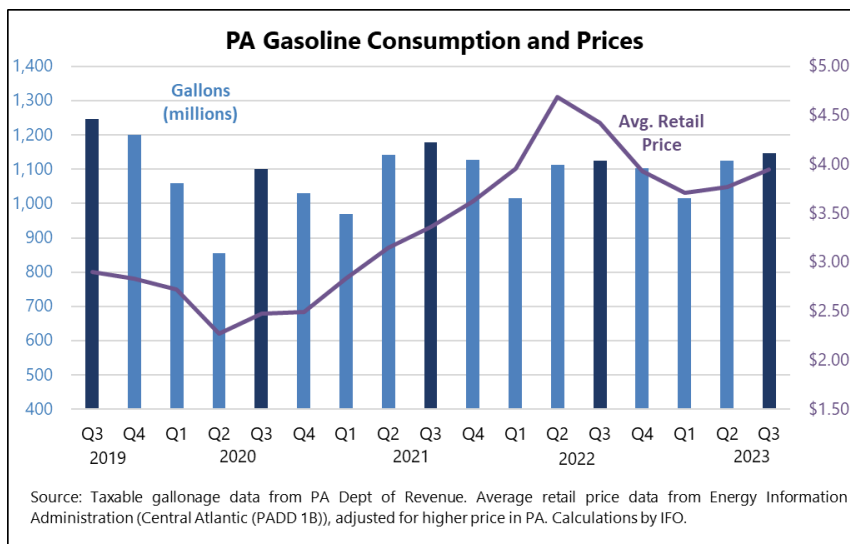
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This research brief updates one published in January 2023 to include an additional 11 months of gasoline consumption and retail price data. More than three years after the height of the pandemic (2020), gasoline consumption remains well below pre-pandemic levels (2019). This outcome is partially due to the continuation of hybrid and remote work schedules for some workers. According to a recent U.S. Census Bureau Pulse survey (and consistent with national trends), 26% of Pennsylvania workers 18 or older work from home one or more days per week. Other factors that negatively affect gasoline consumption are increased vehicle fuel efficiency and the shift to alternatively fueled vehicles.

Annual gasoline consumption declined 15% during the pandemic (2020 vs 2019). During 2021, consumption partly recovered as pandemic-related mitigation efforts abated and discretionary travel surged. For 2022 and 2023 (through August), consumption remains well below 2019 levels. Diesel fuel consumption (not shown) also declined significantly; however, consumption has recovered and now surpasses 2019.



The second figure displays quarterly consumption patterns and average retail gasoline prices. For 2022 Q2, the average retail price surpassed \$4.50 per gallon, the highest average price recorded by the U.S. Energy Information Administration. In Pennsylvania, the average annual wholesale price of gasoline (minimum of \$2.99 per gallon) is used to compute tax rates for the subsequent calendar year. Due to high prices in 2022, the average wholesale price rose to \$3.17 per gallon (not shown) and the gasoline tax rate increased



to \$0.611 per gallon for 2023. For 2023, the average wholesale price dropped below the \$2.99 per gallon minimum, and gasoline tax rates will revert to 2022 levels for 2024 (\$0.576 per gallon). As shown by the figure (dark blue bars represent July to September seasonal peaks), gasoline consumption is largely invariant to the retail price. Under those conditions, tax changes are largely reflected in the prices paid by final consumers.