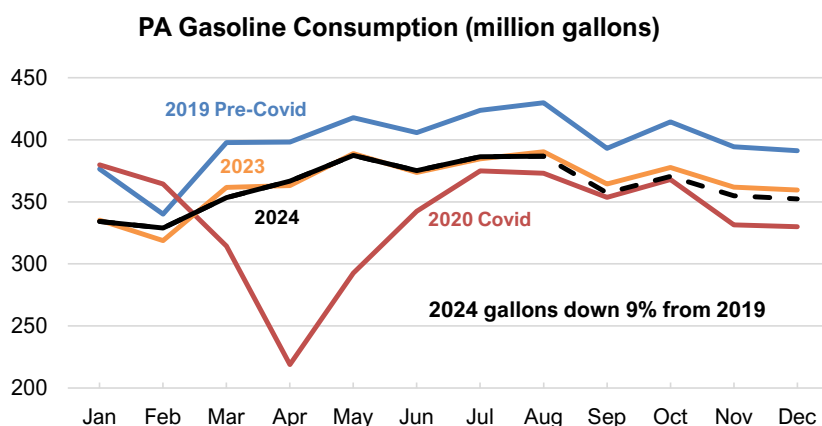


Gasoline Revenues Down \$250 Million Annually



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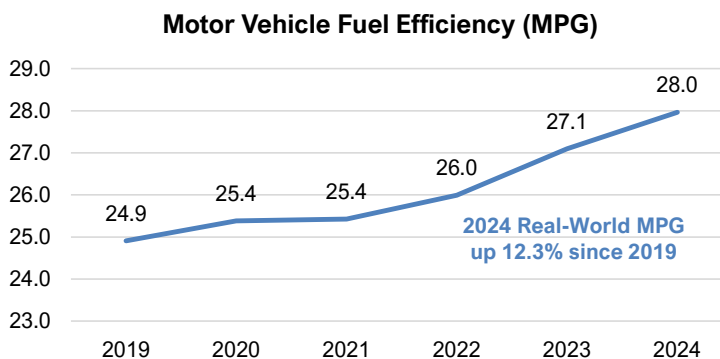
This research brief provides an update on post-Covid gasoline consumption, which has not fully recovered since the height of the pandemic (2020). Annual consumption declined 15% from 2019 to 2020, then partially recovered in 2021 as gasoline consumption reached 92% of pre-Covid levels. For 2022 and 2023, consumption fell to roughly 91% of 2019 levels. For 2024, Pennsylvania’s gasoline consumption is expected to decline 0.6% from the prior year. The annual reduction of 430 million gallons from 2019 translates to roughly \$250 million (430 million gallons * \$0.576 state gasoline tax rate for 2024) less tax revenue available for transportation infrastructure projects (includes restricted and unrestricted Motor License Fund revenue). During the same time period, the PennDOT inflation index for transportation projects increased by 33% (latest data through September 2023).



Source: Pennsylvania Department of Revenue. The dashed portion of 2024 is estimated by the IFO.

Some factors that negatively affect consumption are (1) the continuation of hybrid work schedules, (2) fewer passenger cars registered to residents and (3) increased vehicle fuel efficiency. Regarding the first factor, the U.S. Census Bureau Household Pulse survey shows that 27% of Pennsylvania residents 18 or older work one or more days at home. Regarding the second factor, registered passenger vehicles fell to 7.8 million in 2023, the lowest level published by PennDOT since 2010.

For the third factor, the graph displays historical real-world fuel efficiency for all vehicles according to the U.S. Environmental Protection Agency. Real-world fuel efficiency is based on a “5-cycle” engine test procedure that utilizes five different scenarios: (1) high-speed, (2) cold start, (3) air conditioning (4) city driving and (5) highway driving. From 2019 to 2024 (preliminary), real-world fuel efficiency increased dramatically (+12.3% or +3.1 miles per gallon). As more fuel-efficient and alternative-fuel vehicles take to the road, this upward trend will continue to negatively impact consumption and corresponding tax revenues.



Source: U.S. Environmental Protection Agency, Real-World MPG (miles per gallon) all vehicle types. 2024 is preliminary.

Staff Contact

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