

## GENERAL INFORMATION ABOUT THE PRICE OF GASOLINE

The price of gasoline is closely tied to the price of crude oil, but is also influenced by national refining capacity, seasonal demand, international competition, taxes, and other factors.

Ultimately, the price is driven by supply and demand, and retailers as a general rule can charge as much as the market will bear or as little as their business model will support.

Both supply and demand are greatly impacted by changing market conditions and geopolitical forces that are effectively out of government's control. Any unilateral action on the part of government to impose artificial price controls, particularly at the state level, could actually be counterproductive given the interstate nature of the gasoline industry. Regulation by any individual state could lead to gasoline being diverted to other states, thus causing in-state shortages and even higher prices. For any price control measure to be effective, it would need to be implemented at the national level.

Some have suggested eliminating gasoline taxes to reduce prices. Every state adds an excise tax on motor fuel. Virginia's gasoline tax is currently 17.5 cents per gallon and was last raised in 1986. As of January 2008, the average amount of federal and state taxes imposed on a gallon of gasoline sold in the United States was 47.0 cents per gallon. At 38.0 cents per gallon, the total tax on gasoline sold in Virginia is below the national average.

Virginia has an anti-price gouging law --the Virginia Post-Disaster Anti-Price Gouging Act -- that is only activated by the declaration of a state of emergency by the Governor or the President of the United States covering areas in Virginia. This Act remains in effect in affected areas typically only for thirty (30) days immediately following the declaration of a state of emergency. The provisions of the Act apply to the price of motor fuels and other essential consumer goods and services in the affected area.

If you suspect that questionable pricing practices have occurred during a time when the Anti-Price Gouging Act is not activated, you may contact the U.S. Department of Energy. The U.S. Department of Energy has implemented a mechanism by which consumers can report incidents of questionable pricing practices or price-fixing. The Gas Price Watch reporting form is available at <http://gaswatch.energy.gov>.

If you suspect price gouging in Virginia during a declared state of emergency, you may call the Consumer Protection Hotline at (800) 552-9963, or you may report the incident utilizing the Price Gouging Report Form that is available from the website of the Virginia Department of Agriculture and Consumer Services at [www.vdacs.virginia.gov](http://www.vdacs.virginia.gov).

Although worldwide fuel consumption has decreased recently due to the slowdown of the global economy, the long-term demand for gasoline and other fossil fuels is expected to increase at a pace that will outstrip supply. The Energy Information Administration has an online brochure that addresses the fluctuation in gas prices. The brochure is available at <http://www.eia.doe.gov/bookshelf/brochures/gasolinepricesprimer/index.html>.