

OREGON DATA POINTS

# Why do gas prices vary so much by county?



**A number of factors can drive up the cost locally, most notably shipping expenses and taxes**

**Kristine de Leon and David Cansler**  
*The Oregonian/OregonLive*

As gas prices climb to record highs across the United States and in Oregon, drivers in some counties are hit much harder than those in others.

The average price of a gallon of regular gasoline in Oregon reached an all-time high of \$4.72 on Thursday, according to AAA, as crude oil prices skyrocketed amid fears of a disruption of Russian oil imports to the United States and European countries.

Oregon's price is the fourth highest nationally. Yet that state average conceals a fairly large spread among Oregon's 36 counties.

Malheur County in eastern Oregon has

the lowest average gas price among the counties at \$4.34 per gallon, AAA data shows. Gas prices are at their highest in southern Oregon's Josephine County, at an average of \$4.95 per gallon.

Why a gap of up to 61 cents a gallon? A variety of factors can drive up the cost locally, most notably shipping expenses and city or county taxes on gasoline.

But before diving into those disparities — including a look at costs in the Portland area — a bit of background is needed.

First, the cost of crude oil causes the most significant effect on prices at the pump, said Marie Dodds, a spokesperson for AAA Oregon/Idaho. And right now, the cost of crude is skyrocketing.

"So when you see oil prices rise, gasoline prices also go up," she said.

According to the U.S. Energy Information Administration, the price of crude oil makes up about 56% of what Americans pay to buy regular gas. As of Thursday, U.S. benchmark crude was selling for \$106.11 per barrel and Brent crude, the basis for international pricing, for \$109.05 per barrel. Both are up more than 40% for 2022 so

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**Gas prices are advertised at more than \$5 a gallon on Thursday in the Portland area.** *Brad Schmidt, staff*

**\$4.72**

The average price of a gallon of regular gasoline in Oregon as of Thursday, according to AAA.

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far, though they dropped from the peaks they hit earlier in the week, when U.S. oil briefly topped \$130.

The second factor to consider in pricing is location.

Some 16% of the price consumers pay is tied to transportation and marketing, Dodds said. Prices can vary depending on how close a station is to a refinery — which doesn't bode well for Oregon.

"Is the gas station near a distribution hub? Is it near a pipeline or near a refinery? Sometimes that can lead to cheaper prices in a certain area," Dodds said, adding that expenses along the steps between the rig and the pump can all add up.

The third factor is taxes. The federal gas tax is 18 cents a gallon and Oregon's is 38 cents per gallon, but that doesn't include any additional local taxes imposed by cities or counties. Dodd said taxes account for, on average, about 15% of the total cost of a gallon of gasoline.

And, finally, is the cost of converting crude oil into gasoline, which represents about 14% of the retail price.

With those bigger details out of the way, let's drill down more specifically on what makes Oregon and some of its counties outliers.

Robert McCullough, a Portland-based energy economist, said that gas stations on the West Coast generally have to pay more for crude oil because there are no pipelines cutting across the Rocky Mountains, which act as a barrier to the rest of the nation's supply of gas.

"In Oregon, we are very much the poor sister of the West Coast gasoline markets," he said. "Both Washington and California have refineries, we do not. California has active regulation, and Washington has relatively active regulation, but we do not. So we have few choices, no refineries and no real consumer protection."

With no refinery within its borders, Oregon largely depends on its northern neighbor for petroleum products. According to the U.S. Energy Information Administration, more than 90% of the gasoline and diesel consumed by Oregon drivers comes from the Puget Sound refineries in Washington via the Olympic Pipeline and by barge. The 400-mile pipeline system carries petroleum products from northern Washington to as far as Portland.

Once in Portland, the petroleum is sent to seven terminals in the area for storage or distribution across the state, said Gabriel Zirkle, president of the Oregon Fuels Association.

Some of that flows down a 115-mile pipeline from Portland to Eugene, which serves as the distribution hub for southern, central and eastern Oregon, according to the Oregon Department of Energy. Another portion of it gets shipped down the Columbia River to Pasco, Washington, to service parts of eastern Washington and Oregon, as well as Idaho.

"So depending on how far away you are from a petroleum hub, that's more freight that you're going to incur to get that product to you," Zirkle said. "So stations down along the coast have to truck fuel across the coastal range, and stations down in southern Oregon are as far away from the spigot as you can get."

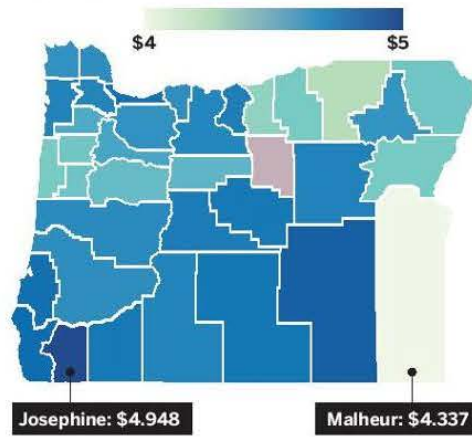
Zirkle said this can explain why average gas prices in parts of southern Oregon, such as Josephine and Curry counties, can lead the state. But that outcome isn't universal, as the state's cheapest gas is found in eastern Oregon's Malheur County, roughly 400 miles from Portland and along the Idaho border.

Zirkle said costs there may be lower because some of the gas is occasionally imported from Pasco or Idaho.

But it's also worth pointing out that Idaho's average gas price is markedly lower than Oregon's, and non-competitive prices in Malheur would incentivize trips across the border to fill up.

## Oregon gas prices

Gas prices are at record highs across the state, but can vary widely by county.



As for the Portland area, why is a gallon of gas up to \$4.76 if it's a distribution hub?

That's where local taxes come in.

Some cities and counties impose taxes that can explain gas price differences between neighboring jurisdictions.

Gas prices range from nearly \$4.82 in Multnomah County to \$4.75 in Washington County to \$4.71 in Clackamas County, as of Thursday.

Drivers in Portland pay a city fuel tax of 10 cents per gallon plus a Multnomah County tax of 3 cents per gallon. Meanwhile, a driver filling up 13 miles to the south in Oregon City, in Clackamas County, doesn't pay a single cent in city or county fuel taxes.

As for the current surge in prices, even more factors may be at play.

Zirkle said supply and demand help drive price differences between stations, adding that Russia's invasion of Ukraine and the U.S.'s decision not to buy Russian oil has added to market volatility.

"When there's such volatility in the marketplace as we're experiencing right now, which is unprecedented, some retailers who bought their gas weeks ago at lower prices can sell at a lower price, whereas stations that had to buy their gas this week at much higher prices will have to charge more," he said.

There's also competition between gas stations that can be driving the price disparities between stations, Dodds said, with some willing to lose a few cents to draw customers with the hopes they'll buy items in on-site convenience stores.

"There are so many different scenarios as to why prices can differ," Dodds said. "But the bottom line is there are no laws or regulations in the state that say this product has to be sold at a certain price. So it really is up to market forces and individual owners to determine how they're going to price that product."

And, in a sign of what's likely to come, the price for a gallon of gas at some Portland-area stations has already topped \$5.

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