WHAT CONTROLS GAS PRICES?

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CIVIC BITES

No single person or organization decides the cost of gasoline. Gas prices are made up of four main parts that work together to make up the final price you see at the gas station pump; they are the cost of crude oil, the refining process, distribution and transportation, and state and federal taxes. The largest influence on prices is the cost of crude oil. Crude oil is a liquid fossil fuel found deep underground.

After crude oil is extracted, it is bought and sold around the world, and its price changes based on global supply and demand. Events such as war, natural disasters, and changes in oil production can also affect the price. After crude oil is purchased, it is transported to refineries to turn into gasoline. This process factors into the cost as refineries pay for labor, equipment, energy, and transportation.

Once the refineries have made the gasoline, it is sent to gas stations, adding distribution and marketing costs. State and federal taxes are then added to the price the person filling up their car will pay at the pump. State taxes are different in each state, which is why gas prices vary depending on where you live.

Discussion Question:
Can you think of any world events that could affect gas prices in the United States?

Source: https://www.eia.gov/energyexplained/gasoline/factors-affecting-gasoline-prices.php

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