

# The petroleum industry is a major contributor to the California economy

The petroleum industry is a major contributor to California's economy. In addition to being a significant source of jobs, income and tax revenues, the industry interacts with many other sectors and therefore has wider spillover effects than most industrial sectors. For example, refineries use large amounts of technical services that are labor intensive, such as engineers, environmental consultants and transportation firms.

Petroleum industry jobs also are high quality jobs. In 2004, 40 percent of the more than 110,000 jobs directly attributable to the petroleum industry - excluding gas station attendants - paid an average of almost \$100,000 per year in salary and benefits. In turn, gas stations attendants earn about \$38,000 per year, about equal to the personal median income for the U.S. Furthermore, the 332,000 jobs indirectly created by the petroleum industry paid an average of about \$48,500 a year, which is well above the U.S. personal median income.

### At a glance

#### Employment

Direct jobs	111,711
Indirect jobs	252,321
Total employment	364,032

#### Total Sales

Direct sales	\$92.6 billion
Indirect/induced sales	\$50.5 billion
Total sales	\$142.1 billion

#### Employee Compensation and Proprietary Income

Direct	\$9 billion
Indirect/induced	\$13.3 billion
Total	\$22.4 billion

## The petroleum industry and taxes

Petroleum companies also are major taxpayers. In addition to paying more than \$5 billion per year in California excise and sales taxes (direct and indirect), oil companies on a national basis pay income taxes at rates substantially higher than most manufacturers.

According to the U.S. Energy Information Administration (EIA), the industry's 2007 income tax expenses (as a share of net income before income taxes) averaged 40.4 percent, compared to 26.7 percent for all U.S. manufacturing companies.

Oil and natural gas producers also pay billions of dollars in royalties, lease payments and rents. According to the American Petroleum Institute, these payments total more than \$200 billion since 1953. The U.S. government received \$3.7 billion from company bids in a single Gulf of Mexico lease

## Taxes collected by the petroleum industry

The petroleum industry is a major collector of taxes for California and the federal government.

In 2007, gasoline sales in California resulted in the collection and payment of more than \$9 billion in state and federal excise taxes and state and local sales taxes.

Another \$2 billion was collected in taxes on sales of diesel fuel in 2007.

2007 taxable sales	
Gasoline	15.7 billion gallons
Diesel	3.1 billion gallons
Taxes collected	
Federal excise taxes	\$3.6 billion
State excise taxes	\$3.4 billion
State and local sales taxes	\$4.2 billion