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New Economic Study Demonstrates Oil and Gas Industry’s Significant Contribution to the California Economy

The Industry’s Economic Engine Produces High Wage Job Opportunities, $21.6 Billion in Fiscal Revenue for State and Local Governments

Sacramento, Calif. – A new economic impact study released today by The Institute for Applied Economics for the Los Angeles County Economic Development Corporation (LAEDC) demonstrates the tremendous economic and fiscal impact California’s oil and gas industry has on the state’s economy.

In the study, “2019 Report Oil and Gas in California: The Industry, Its Economic Contribution and User Industries at Risk,” the LAEDC analyzed the extraction, production, refining and petroleum products manufacturing and found that the industry’s activity generated $152.3 billion in total economic output, making up 2.1% of California’s overall gross state product in 2017.

The oil and gas industry also made significant fiscal contributions to California’s state and local governments, including $21.6 billion in state and local tax revenues and $11 billion in sales tax, $7 billion in property taxes, $1 billion in income taxes and $96 million in Department of Conservation’s Division of Oil, Gas, and Geothermal Resources (DOGGR) assessments.

“The oil and gas industry makes a significant contribution to the California economy in terms of jobs, labor income, economic output and the industry’s contribution to California’s GDP,” said Shannon Sedgwick, Senior Economist for the LAEDC and The Institute of Applied Economics. “Not only that, as a key input for products ranging from pharmaceuticals to flame-retardant clothing, many other California industries rely upon the state’s oil and gas industry and its production, downstream processing, and products as an input in their production and provision of services, such as California’s
Western States Petroleum Association (WSPA) is a non-profit trade association representing the companies that safely and reliably explore for, produce, refine, transport and market the petroleum and energy products that fuel the five western states of Arizona, California, Nevada, Oregon, and Washington. We represent 150,000 women and men who have proudly been powering the western states since 1907.

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manufacturing industries, agriculture, transportation industries, and even establishments operating in our large leisure and hospitality industry.”

The report findings further illustrate the industry is a major employer, responsible for supporting 365,970 total jobs in 2017, or 1.6% of California’s employment, of which 152,100 are direct jobs, representing a 6% increase since 2016 and is forecasted to increase an additional 1.6% over the next five years.

The report details the industry segments that provide career paths for diverse individuals across the skills and education spectrum, all with relatively high wages that averaged just over $80,000 annually. Findings include nearly 50% of the oil and gas industry workforce is ethnically diverse, 63% of industry workers do not have a bachelor’s degree and 1/3 of all workers have a high school degree or less.

“We’re extremely proud of the opportunities we are able to provide the Californians who work together to power this valuable industry,” said Catherine Reheis-Boyd, President of the Western States Petroleum Association. “While the economic impact numbers are compelling, the other side of the numbers tell the story of the state’s hard-working men and women who are deeply rooted in the industry, and in making their communities thrive. The labor income we generate highlights the industry’s commitment to the health, education and living conditions of our industry employees. It is central to our economy and our way of life.”

Download the entire study here.

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