

Idaho Businesses Have No Control Over Gas Prices

BY: Matt Berry – President, IPM&CSA

Every Idahoan has been enjoying record-low gas prices. While those prices have put the hurt on local family-owned businesses like mine, they are undoubtedly a reflection of the incredible volatility in the market - to the benefit of the consumer. They've been set by factors out of my control, or the control of anyone selling fuel in the Gem State. Now, as Idaho starts to get back to work, that volatile market is pushing those prices up sharply. You might've already seen the prices in your neighborhood spike a dime or more in a single day. But remember, that cost increase is for the same reasons as the huge price drop: factors completely beyond our control.

There is a myriad of factors that make up Idaho's gas prices, which we can track from the oil fields to your tank. The first factor is the price of crude oil, which plummeted this year to a negative dollar amount, for the first time ever. A glut of crude worldwide helped create Idaho's historically low pump prices. The next factor/step requires refining that oil. Normally, the price of fuel starts to go up this time of year as refineries transition to a summer blend, which costs more to make. Once the refineries have done their job, we need to get that finished product to our gas stations. This is where, as Idahoans, we see our costs go up.

Idaho is the only Northwest state without an oil field or a refinery. That means, we must bring in every single gallon of gas we sell from out of state. Northern Idaho uses refiners in Montana and Washington, and sometimes barges on the Columbia River. Southern Idaho, the most populous part of the state, gets its gas from just one pipeline out of Salt Lake City. That pipeline has not been updated to keep up with Southern Idaho's exploding population. Also, the Salt Lake refineries have had a shortage of crude oil, which has driven our costs up. Furthermore, the Boise metropolitan area is one of, if not the, most isolated metro in the lower 48 states. All those factors combine to raise the cost of simply getting gas to Idaho's pumps.

When you're paying for a gallon of gas, you're also paying taxes. This is another factor out of our control. You're shelling out more than 52 cents per gallon in state and federal taxes. That money doesn't stay with us. It helps fund the roads and bridges you drive on every day.

The final factor in gas prices is by far the most important: the cost of keeping Idahoans employed and the doors open as essential businesses. Convenience stores employ tens of thousands of Idahoans across the state and have continued to do so throughout this pandemic. It's been our privilege to provide essentials like food and fuel to people when they've needed it most, despite spiking operating costs and plummeting sales. Whenever you buy gas, you're also helping family-owned companies, small businesses, and job-creators stay afloat.

Gas prices are starting to normalize very quickly. As you can see, the formula for that price is layered, complicated, and out of our hands. What we, as convenience store operators, can control, is providing goods and services during tough times in our state. That's essential, and it's our honor to do it.