

Bankrate

The Hidden Costs of Owning a Car Can Add Up to Nearly \$7,000 Annually in the U.S.

Hidden car ownership costs (gas, maintenance and repairs, taxes, and insurance) are higher in the South and Midwest

NEW YORK - August 13, 2024 - The average hidden expenses of owning a gas-powered car in the United States add up to \$6,684 annually, according to Bankrate's Hidden Costs of Car Ownership study, which analyzed hidden expenses in all 50 states, plus the District of Columbia. Nationally, that is an additional \$557 per month on average, on top of a car payment. Click here for more information:

www.bankrate.com/insurance/car/hidden-cost-car-ownership-study/

Rather than focus on car payments or other debts, Bankrate's report focused on the average hidden costs of car ownership, which include auto insurance, vehicle taxes, car maintenance and repairs, and gas. Full coverage car insurance is the highest expense for car owners in most states, at \$2,329 per year on a national level, or \$194 monthly. This is followed by gas costs (\$1,837/year or \$153 monthly), car maintenance and repairs (\$1,336/year or \$111 monthly) and vehicle taxes (\$1,182/year or \$98 monthly).

States in the South and Midwest regions are more likely to have higher average annual costs of owning a car, while states in the Northeast and West regions are more likely to have lower average hidden costs.

States with the highest hidden car ownership costs		States with the lowest hidden car ownership costs	
State	Average annual hidden costs of owning a car	State	Average annual hidden costs of owning a car
1) Georgia	\$8,249	1) New Hampshire	\$4,299
2) Indiana	\$8,221	2) Washington	\$4,427
3) Louisiana	\$8,220	3) Alaska	\$4,798

4) Florida	\$8,197	4) Oregon	\$4,918
5) Nevada	\$7,886	5) Delaware	\$4,991

Auto insurance premiums

Costs of auto insurance premiums vary by state: drivers living in New York pay the highest average premium per year at an average of \$3,697 for full coverage, followed by drivers in Louisiana (\$3,646/year) and Florida (\$3,451/year). In contrast, average auto premiums cost the least in Idaho, Vermont, and Ohio, at \$1,322/year, \$1,385/year, and \$1,497/year respectively.

“We need to reframe our thinking about vehicle ownership and affordability,” says Bankrate Analyst Shannon Martin. “A vehicle’s cost varies between drivers based on state-mandated coverage types, how much you drive, and even how the climate affects maintenance frequency. Instead of pricing insurance out as an afterthought, start with the car insurance budget first.”

Gas prices

The total cost of gas can vary greatly by state, not only in the average price per gallon, but also in the average number of miles driven and the amount of gas used as a result. States with the highest average gas costs as of July 24, 2024 include Indiana (\$2,913/year), Wyoming (\$2,765/year) and Missouri (\$2,279/year). While the price per gallon of gas may be lower in these states, people generally drive more and longer distances here compared to states where the cost of gas per gallon is higher.

On the other hand, the areas with the lowest average gas costs per year as of July 24, 2024 include the District of Columbia (\$956/year), Rhode Island (\$1,314/year), and New York (\$1,329/year).

“When shopping for a new car, have an idea of how many miles you drive per year beyond commuting to and from work,” Martin adds. “Gas expenditures can be a surprising hidden cost of car ownership, especially for drivers living in more rural areas where their daily travels are spread out over a larger area.”

<https://www.bankrate.com/insurance/car/gas-prices/>

Methodology:

Bankrate's Hidden Costs of Car Ownership Study analyzes the average annual expenses of owning and maintaining a gas-powered car nationwide and in every U.S.

state, including the District of Columbia. These expenses include full coverage auto insurance, vehicle taxes, maintenance and repairs and gas. Bankrate's analysis did not include car payments or other debts.

Bankrate used internal Quadrant data to aggregate average annual full coverage car insurance premiums for all 50 states and the District of Columbia, as of August 2024. Bankrate used full coverage car insurance premiums in the study because 80 percent of insured drivers purchase comprehensive coverage in addition to liability insurance, and 76 percent buy collision coverage, according to a Triple-I analysis of 2021 NAIC data. Premiums are weighted based on the population density in each geographic region for a single, 40-year-old male and female driver with a clean driving record and good credit. Our base profile drivers own a 2022 Toyota Camry, commute five days a week and drive 12,000 miles annually. These are sample rates and should only be used for comparative purposes.

To determine the average cost of car maintenance and repairs in every state and the District of Columbia, Bankrate multiplied the national average cost of car maintenance and repairs by the state's 2022 regional price parity index (RPP). The national average cost of car maintenance and repairs is 9.83¢/mile, according to AAA's 2023 Your Driving Costs Study. RPPs from the Bureau of Economic Analysis are indexes that show how much higher or lower effective prices are in the state and the District of Columbia relative to the nation overall. A higher RPP in a state means higher prices of goods and services, and a lower RPP means lower prices.

According to AAA, average car maintenance and repair costs include retail parts and labor for routine maintenance specified by the vehicle manufacturer, a comprehensive extended warranty, repairs to wear-and-tear items that require service during five years of operation and one set of replacement tires.

Once we determined the cost of car maintenance and repairs per mile for every state and the District of Columbia using RPPs, we multiplied those figures by the average miles driven per year to determine the annual average cost of car maintenance and repairs. Bankrate used 2022 data from the Federal Highway Administration to find out which state's residents do the most driving. We determined that by looking at vehicle miles traveled per licensed driver, or the sum of annual miles traveled by vehicles divided by the state's total number of licensed drivers.

Average annual gas costs for every state and the District of Columbia were estimated using AAA data on average gas prices as of July 24, 2024. AAA's average gas prices are updated daily. We multiplied average national and statewide gas prices by the

average miles driven per year to determine the average annual cost of gas. In our gas calculations, we used a 2022 Toyota Camry, one of the most popular sedans in the U.S., to establish the average miles driven per gallon.

Bankrate scanned dozens of DMV and government websites to aggregate statewide vehicle tax rates. Auto tax rates can vary significantly by state, and some states have different tax rates based on the type of vehicle you purchase — or the county or city where you purchased the car. Some states charge sales and/or use taxes for cars on an annual basis, while some states apply a one-time sales and/or use tax when the vehicle is purchased or registered. Some states don't collect taxes on cars at all. You may be subject to a different tax rate than what Bankrate used to calculate average vehicle taxes for every state and the District of Columbia.

To estimate average annual vehicle taxes for every state and the District of Columbia, we multiplied statewide auto tax rates by the average value of a used 2022 Toyota Camry. The value of a used 2022 Toyota Camry is based on the Kelley Blue Book Fair Purchase Price as of July 24, 2024 (\$25,395). The Kelley Blue Book Fair Purchase Price for any individual vehicle can vary significantly according to mileage, condition, location and other factors. The Kelley Blue Book Fair Purchase Price reflects what buyers currently pay for a used 2022 Toyota Camry in typical condition when purchasing from a dealership and is updated weekly.

This study provides national and statewide estimates for the average cost of owning and maintaining a gas-powered car and should only be used for comparative purposes. Actual driving costs will vary based on the car's model and year, location, driving habits, operating conditions and other factors.

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