

# Why IRS driving cost is 52¢/mile & the national average is 22¢

The IRS uses AAA data and the AAA calculates the cost of auto ownership based on their members typical cars: *"designed to model the average AAA member's use of a vehicle for personal transportation over five years and 75,000 miles of ownership.* (bold added)

The AAA's cost differs from actual 2005 USA average cost mainly because AAA members drive newer, more expensive, cars than the average American, so **AAA used an average car age of 2 ½ years while the average American car is 9 years old.**

AAA reports cost per **vehicle-mile**, while comparisons with transit require costs per **passenger-mile**.

(USA average data was not found for several items, so either the AAA data was used or estimates were used for the "USA Average 2005" column. This data is enclosed in brackets: [data].)

Variable Costs					
	Small Sedan	Medium Sedan	Large Sedan	AAA Average	USA Avg. [estimate]
<b>Fuel costs</b> were based on \$2.405 per gallon, the late-2005 U.S. Price from AAA's Fuel Gauge Report: <a href="http://www.fuelgauge.com">www.fuelgauge.com</a> . Fuel mileage is based on Environmental Protection Agency fuel-economy ratings weighted 60 % city and 40% highway driving.	8.0¢ 30.1 mpg	9.8¢ 24.5 mpg	10.7¢ 22.5 mpg	9.5¢ 25.3 mpg	10.5¢ 22.9 MPG
<b>Maintenance Costs</b> include: retail parts; labor for normal, routine maintenance. Also include a comprehensive extended warranty with Sales tax is included on a national average basis.	4.5¢	4.9¢	5.4¢	4.9¢	[4.9¢]
<b>Tires Costs</b> are based on the price of one set of replacement tires of the same quality, size and ratings as those that came with the vehicle. Mounting, balancing and sales tax also are included.	0.5 ¢	0.8¢	0.7¢	0.7¢	[0.8¢]
<b>Operating (variable) costs - Cost per mile</b>	<b>13.0¢</b>	<b>15.5¢</b>	<b>16.8¢</b>	<b>15.1¢</b>	<b>16.2¢</b>
Fixed Costs					
AAA based its <b>insurance costs</b> on a full-coverage policy for a married 47-year-old male with a good driving record, living in a small city and commuting three to 10 miles daily to work. The policy includes \$100,000/\$300,000 coverage with a \$500 deductible for collision and a \$100 deductible for comprehensive coverage.	\$892	\$902	\$982	\$926	[\$600]
<b>license, registration, taxes</b>	\$397	\$551	\$658	\$535	[\$397]
Average age of vehicle	2.5 yr	2.5 yr	2.5 yr	2.5 yr	9.0 yr
<b>Depreciation</b> is based on the difference between new-vehicle purchase price and estimated trade-in value at the end of five years.	\$2,503	\$3,449	\$4,224	\$3,392	\$1,100
<b>Finance Costs</b> are based on a five-year loan at 6 percent interest with a 10 percent down payment. The loan amount includes taxes and the first year's license fees, both computed on a national average basis.	\$511	\$739	\$899	\$716	\$387
<b>Ownership (Fixed) cost per year:</b>	\$4303	\$5642	\$6763	<b>\$5569</b>	<b>\$2484</b>
<b>Ownership cost per mile (15,000 miles per year) :</b>	28.7¢	37.6¢	45.1¢	<b>37.1¢</b>	<b>17¢</b>
Per Mile Costs					
<b>Vehicle-mile own + per mile, based on 15,000 miles/yr:</b>	41.7¢	53.1¢	61.9¢	<b>52.2¢</b>	<b>33.2¢</b>
<b>Passenger-mile at Portland average of 1.3 people/car:</b>	32.1¢	40.9¢	39.4¢	<b>47.6¢</b>	<b>25.5¢</b>
<b>Passenger-mile at national average of 1.57 people/car:</b>	26.6¢	33.8¢	39.4¢	<b>33.3¢</b>	<b>21.5¢</b>

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