

Bankrate

Drivers Face Nearly \$7,000 Per Year in Hidden Car Expenses as Costs Rise Nationwide

The extra costs that come with owning a car are higher in Southern and Western states

NEW YORK - September 25, 2025 - The average hidden expenses of owning a gas-powered car in the U.S. add up to \$6,894/year or \$575/month, according to Bankrate's Hidden Costs of Car Ownership Study. The study measures recurring car costs like insurance, taxes, gas and routine maintenance based on annual mileage expenses. The average cost of owning a car is up 3.1% year over year, outpacing the overall inflation rate at 2.7%.

For more information: <https://www.bankrate.com/insurance/car/hidden-cost-car-ownership-study/>

Full coverage car insurance is the highest hidden expense for most car owners across the country, at \$2,679/year on a national level, or \$223/month as of August 2025. The second-highest cost is gas (\$1,650/year or \$137/month), followed by car maintenance and repairs (\$1,384/year or \$115/month) and vehicle taxes (\$1,182/year or \$98/month).

"The hidden costs of car ownership now total about \$7,000 a year, a 3.1 percent jump from last year," said Bankrate Insurance Expert Shannon Martin. "Car insurance and gas are the biggest expenses and annual mileage is a surprisingly strong factor in overall ownership costs. For many families, these shifting costs can throw off a carefully planned budget almost overnight."

Compared to last year, auto insurance costs are up 15%, car maintenance and repair costs are up 3.6%, while gas costs based on annual mileage dropped 10.2%, and vehicle taxes remain unchanged.

The extra costs that come with owning a car are higher in Southern and Western states, while states along the East Coast and Pacific Northwest experience lower 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) Florida	\$8,483	1) New Hampshire	\$4,472
2) Nevada	\$8,342	2) Washington	\$4,744
3) Louisiana	\$8,254	3) Alaska	\$5,131
4) California	\$8,218	4) Oregon	\$5,159
5) Georgia	\$8,090	5) Delaware	\$5,313

The highest expense for most car owners is auto insurance, followed by gas, car maintenance and repairs and taxes. Here is a breakdown of expenses from highest to lowest:

Auto Insurance: The cost of auto insurance varies by state. Drivers living in New York pay the highest average premium for full coverage auto insurance at \$4,031 per year for full coverage, followed by drivers in Louisiana (\$3,953/year) and Florida (\$3,874/year). On the other hand, average auto premiums for full coverage are lowest in Idaho (\$1,443/year), Vermont (\$1,491/year) and Maine (\$1,631/year).

Gas: The total average 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, based on annual mileage, include Wyoming (\$2,585/year), Indiana (\$2,194/year) and North Dakota (\$2,068/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.

In contrast, the areas with the lowest average gas costs based on annual mileage include the District of Columbia (\$847/year), Rhode Island (\$1,155/year), and New York (\$1,184/year).

Car Maintenance and Repairs: Costs for car maintenance and repairs vary significantly based on the car's year and model, the price of labor and parts in that state and the average miles driven per year in that state. Car maintenance and repairs cost the most in Wyoming, averaging \$1,985 per year. Mississippi and Missouri are the second- and third-priciest states for car maintenance and repairs (\$1,748/year and \$1,744/year, respectively). Car maintenance and repairs cost the least, on average, in Washington, D.C., (\$750/year), Rhode Island (\$1,019/year) and New York (\$1,063/year).

Vehicle Taxes: Auto tax rates vary significantly by state, and some states have different tax rates based on the type of vehicle, county and city where the car was purchased. The average cost of vehicle taxes is the highest in California, at \$1,841 per year. Four states — Rhode Island, Georgia, Tennessee and Indiana — tied for the second-highest vehicle taxes, at \$1,778 per year.

“The real pressure points of car ownership may still be ahead of us when the tariffs on cars and vehicle parts ripple through the market,” added Martin. “With car insurance making up nearly 40 percent of hidden expenses, Bankrate's analysis shows that drivers should look at the car-buying process for what it is: a long-term financial commitment. In this uncertain economy, it's a smart move to prioritize vehicles with lower maintenance and repair costs that are fuel-efficient, since these costs can increase at any time.”

Methodology:

Bankrate's Hidden Costs of Car Ownership Study estimates average annual expenses for gas-powered cars by state and nationwide (and the District of Columbia), excluding loan payments or debts. These expenses include full coverage auto insurance, vehicle taxes, car maintenance and repair and gas based on annual mileage.

Insurance costs are based on Quadrant data for full coverage premiums as of August 2025, weighted by population density and modeled on a 40-year-old male and female driver with good credit, a clean record and a 2022 Toyota Camry driven 12,000 miles annually.

Maintenance and repair costs use AAA's 2024 per-mile average (10.13¢) adjusted by each state's 2023 regional price parity index from the Bureau of Labor Statistics and

2023 annual mileage data from the Federal Highway Administration. Annual gas costs reflect AAA's statewide average fuel prices as of July 2025 applied to the Camry's fuel economy, while vehicle tax estimates are based on statewide tax rates applied to the Kelley Blue Book Fair Purchase Price of a used 2022 Camry (\$25,395). These figures are designed for comparative purposes only, as real costs vary by vehicle, location and driving behavior.

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