

## **New Jersey's Gasoline Tax Hike Plan May Hurt Cross-State Business**

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New Jersey gasoline marketers could lose substantial cross-state business from drivers in New York and Pennsylvania if the Garden State goes ahead with its plan to double its gasoline sale tax over the next five years, said Sal Risalvato, executive director of the New Jersey Gasoline, C-Store and Automotive Association (NJGCA) on Tuesday.

New Jersey is considering a proposal to increase its gasoline tax by 4cts/gal each year over the next five years. The current gasoline tax is at 14.5cts/gal, the second lowest in the country behind Alaska. Also, New Jersey has not raised its gasoline tax for 22 years since 1992.

"There are many members of my association who operate businesses at or near the Northern and Northwestern borders of the State. Our members report high volumes of consumers coming from Pennsylvania and New York to purchase their gas, since our lower tax translates to lower prices. If the gas tax increases, prices will follow," Risalvato said.

"Not only can my members expect to lose this business, but the State of New Jersey can expect to lose the tax revenue that came from those out-of-state consumers," he said.

Risalvato told OPIS that the gasoline tax hike proposal is part of the state budget, which is expected to be voted on before the end of June. The budget will have to go through the Senate and Assembly hearings and voting before it goes to the governor for approval.

Although New Jersey could possibly hike its gasoline tax on July 1 at the earliest if everything goes well, New Jersey Governor Chris Christie (R) could be a stumbling block in the passage of that bill as he had already publicly said that he would not sign the gasoline tax hike proposal, Risalvato said.

Risalvato said that taxes in New Jersey are already too high -- some of the highest in the nation. Our current, relatively low, gas tax is one of the only "breaks" that New Jersey citizens get.

Risalvato also expressed concern about the trickle-down effect of a higher gas tax.

"Delivery costs will increase as a result of the rising gas tax. Transportation and shipping costs will go up, not only as it relates to gasoline, but across the board. These costs will all be passed on to the consumer -- not just at the pump, but whenever shipping, transportation or delivery costs are factored into the prices of goods and services in our state," he said.

OPIS reported on Jan. 6 that Pennsylvania hiked its retail regular gasoline prices significantly by 9.7cts/gal, almost matching the 9.5-ct/gal gasoline tax hike from Jan. 1.

In the Northeast, drivers near the borders have the option to seek out the cheapest fuel in neighboring states. New York has the highest price, followed by Pennsylvania.

New York retail prices are 14cts/gal higher than Pennsylvania and 40cts/gal higher than New Jersey, according to daily retail price data issued by GasBuddy.

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