



New Jersey Gasoline, C-Store, and Automotive Association (**NJGCA**)
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FOR IMMEDIATE RELEASE

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No Quarrel with Legislators' and Governor's Efforts to Raise Gas Tax

It was a year and half ago when I made the difficult decision to acknowledge the reality that we need to raise the gas tax. I, like so many others, have searched to see if there was a reasonable way to fund our necessary infrastructure construction without an increase in gas taxes, which have been flat for the last 26 years, even as inflation and population increases have eaten away at the value of the tax revenue collected. Our gas tax revenue today goes about half as far as it did in 1990, despite the fact that there are about 1.3 million more people living in the state today. Does it mean anything that our neighboring states have had multiple gas tax increases over the years and now have a tax that is almost 40 cents higher than NJ?

After so many years of opposing any increase in the gas tax, it hurt to rip that bandage off, but there was no other option. We have held off an increase in the tax rate consistently for a quarter century, but in hindsight it was not the responsible thing to do, without demanding spending reforms to accompany the vociferous opposition. Not increasing revenue did not hold transportation spending back. Instead of new revenue, the government relied on taking on more and more debt. Now that debt is so enormous that all of our current fuel taxes combined are not enough to make even the annual interest payment on that debt.

People always say that we need to run the government like we run our household, on a strict budget. That is exactly what this gas tax increase is all about. For the last 25 years, the State has done the equivalent of paying for its annual maintenance costs with credit cards and loans. The debt is now too high, and we need to either raise the amount of money coming in or effectively abandon our transportation infrastructure. The former might be bad, but the latter is far worse and ultimately more expensive for everyone.

Infrastructure is one of the few types of government spending that everyone should support. We need paved roads and functioning bridges in order for our economy to function. A business cannot survive for long if customers and delivery trucks are unable to get to it. If we are not

getting the revenue from the people using the roads, then towns will be forced to rely on even higher property taxes, certainly for the local streets that lead to our driveways.

There is understandable mistrust that politicians in Trenton will misspend any increased revenue from fuel. Thankfully, this November voters will be able to ensure that ALL revenue from fuel taxes is constitutionally dedicated to the Transportation Trust Fund.

Our political system was set up to force compromise between a variety of different interests and between the two parties. We should use the opportunity presented by this situation to finally make long needed tax reform, particularly to the estate tax. New Jersey's estate tax exemption is the lowest in the nation, and simply matching the federal level would alleviate this burden from thousands of small business owners. Under the current estate tax structure, the only time the families of these small business owners can feel rich is after they have died and the tax bill arrives.

I would like to suggest that the Governor and Legislature consider throwing some property tax relief into any compromise proposal. Perhaps that may entice skeptical voters to accept the gas tax remedy.

We need to get this done now, while gas prices are still low. If the proposed gas tax increase were enacted next week, the price of gas would still be lower than it was a year ago. We should not wait and run the risk of wholesale prices increasing, which would make the pain of the tax increase worse.

If the problem is not solved now, we will only continue the mistakes of the past, and then in the near future we could be looking down the barrel of a 40¢ a gallon increase in taxes, with no tax decreases elsewhere.

I appreciate the serious contemplation and consternation that both the Governor and the Legislature have had these past few weeks coming to an agreement that sits well with voters.

Motorists don't want this, and certainly my members don't want this. As painful as it is, no one should quarrel with our elected leaders if they do what is responsible and increase the gas tax. Then, hopefully I can return to adamantly opposing any further increases for another 26 years, as I much prefer taking that position.

Sal Risalvato

Sal Risalvato is Executive Director of The New Jersey Gasoline, C-Store, Automotive Association (NJGCA) representing small businesses in the motor fuel, convenience store, and auto repair industries for over 75 years.