

N.J. gas tax deal goes through committee, but still won't get past Christie

By Samantha Marcus
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TRENTON — In the ongoing road funding battle, the Senate Budget and Appropriations Committee on Friday advanced [legislation raising the tax](#) on gasoline sold in New Jersey by 23 cents and offering tax breaks to seniors, veterans and the working poor.

But the vote — 8 to 4 with one abstention — could be in vain if Democrats can't convince enough Republicans to support them in overriding Gov. [Chris Christie](#), who arranged a competing plan to similarly raise the gasoline tax but offset it with a one percentage point reduction in the sales tax.

Pressure is mounting for lawmakers to reauthorize the Transportation Trust Fund as a statewide road and rail [construction stoppage](#) pushes into its second month. Christie ordered that shutdown to ration what money is left in the trust fund that expired at the end of June.

Industry experts testified Friday that the freeze has put construction workers, engineers and inspectors out of work and those ranks will continue to climb as the work stoppage drags on.

Senate and Assembly Democratic leaders announced a new compromise Friday for raising the gas tax.

Senate Budget Chairman Paul Sarlo (D-Bergen) said Friday after the meeting that Democratic leadership in both houses hasn't yet shored up the votes necessary for an override, so it's unclear when or if the tax cut package will make its way to the full Senate and Assembly.

The Senate is "pretty darn close," Sarlo said, adding he's "confident that we're going to get there."

"We're going to easily get ... 25, 26 votes easily. But we need to send a strong message that we're serious on the 27-vote override," he said.

Under [the proposal](#), a slightly revised version of a plan the same committee approved last month, the 23-percent increase in the [gas tax](#) would help fund a 10-year, \$20 billion Transportation Trust Fund.

It would gradually eliminate the estate tax, free for retirement and pension income from taxes, raise the Earned Income Tax Credit, grant veterans a \$3,000 income tax exemption and create a small tax deduction for spending on gas taxes.

But while calling the new version "incrementally better," Sen. Kevin O'Toole (R-Essex) advised the veto-proof majorities in either house may still be beyond reach.

Only one Republican on the budget committee, Sen. Steven Oroho (R-Sussex), who sponsored the legislation, voted in favor.

Oroho said the tax cuts in the proposal, namely the estate tax and retirement income tax exclusion, are designed strategically to attract and retain wealth in New Jersey.

Christie, meanwhile, wants a broad-based tax cut to counteract a broad-based tax increase, and the one-cent rollback in the sales tax fits the bill.

One of the most vocal opponents of increasing the gasoline tax, Sen. Jennifer Beck (R-Monmouth) said linking the tax cuts to the gas tax has forced lawmakers to vote against tax cuts they've longed for.

"Here we are on a Friday in July, considering virtually the same proposal that was before us in June and rejected by our residents with enormous rage," she said. "We have many, many people that have no choice but to drive to work. And this regressive tax makes their ability to survive more difficult."

Sal Risalvato, executive director of the New Jersey Gasoline, C-Store and Automotive Association, warned that the tax increase, which will lift the Garden State from the second-lowest in the U.S. to seventh-highest, will narrow the state's tax advantage and come at a price for northern New Jersey retailers who rely on New York customers.

Risalvato said he saw no alternative to the gas tax for funding road and transit projects, but an 18-cent increase would help take "the edge" off.

Others, such as New Jersey Policy Perspective and the Sierra Club, urged the committee, as they have for months, to approve the gas tax change without disturbing other taxes that will lessen funding for state programs.

All told, the latest proposal eliminates about \$900 million in taxes collected.

The governor and Senate President Stephen Sweeney (D-Gloucester) were [in negotiations](#) to end the shutdown but weren't able to agree on a funding scheme. Sweeney has said Christie's tax cut comes with too high a price tag and it won't pass his chamber.

In the absence of a deal there, Sweeney [struck this new deal](#) with Assembly Speaker Vincent Prieto (D-Hudson), who had previously gone along with Christie's tax cut.

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