



4 things to know about a possible gas tax hike

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A new plan to renew the Transportation Trust Fund would raise the gas tax, cut the sales tax and increase the tax-free threshold for retiree payments. After years of bickering and a three-month standoff, lawmakers on Wednesday could vote to hike gasoline prices by more than 11 percent — or 23 cents a gallon, which would take effect in less than a month.

The Legislature on Wednesday will consider a pair of bills that would more than double the state's gasoline tax, to 37.5 cents per gallon. Advocates say it's necessary in order to continue financing the Transportation Trust Fund, the state's flailing roads-and-bridges bank account that's been dry since July 1.

But merely suggesting a gas tax increase has been wildly unpopular among New Jerseyans. A Rutgers University-Eagleton poll in March found 56% of New Jerseyans -- and 62% of Shore residents -- were opposed to an increase.

"We've received our fair share of calls and emails," said Tony Perry, legislative affairs director for state Sen. Joseph Kyrillos, R-Monmouth, who has come out in support of the bill. "It's not ringing off the hook, but we have folks calling us."

Many of those calling Kyrillos' office are unaware that the bill would raise the tax exemptions on retirement income, Perry said.

The criticism is heavier in the morning hours, which is when New Jersey 101.5 drive-time host Bill Spadea has lambasted the gas tax increase and any legislator in favor of the bill throughout his four-hour show.

"Our phones have been ringing off the hook since 6 a.m. (Monday)," Spadea said on his Tuesday morning show. "You wouldn't have this outcry if you said, 'We're going to hold ourselves accountable to the expenditure and gradually increase and allocate it.' I don't think people would be as nuts about it."

1. How much will the gas tax increase?

If the bill is passed and signed into law, New Jersey's gas tax will jump by 23 cents. Currently, gas station owners pay 14.5 cents per gallon in taxes — the second-lowest state gasoline tax in the United States. But at 37.5 cents per gallon, New Jersey would jump to the seventh-highest, pushing it nearly in line with New York, with a 43.40-cent gas tax. In Pennsylvania, the gas tax is 51.4 cents a gallon.

Average gas prices in Monmouth County on Tuesday sat at \$1.99 per gallon, according to AAA. Under the bill, prices would rise to \$2.22.

But gas station owners aren't expecting a decline in business, said Sal Risalvato, executive director of the New Jersey Gasoline, C-Store, and Automotive Association.

"We don't expect any big noticeable change in business," Risalvato said, noting that some stations along the New York border may lose some customers due to the narrowed gap in prices. "Am I in favor of it? No. But no one should have a quarrel with the government or a legislator if they vote to increase this tax."

2. When would gas prices increase?

The tax increase would go into effect on Nov. 1 or 14 days after Christie signs the bill, whichever comes later, Risalvato said.

Lawmakers put a similar delay in the effective date in the prior version of the bill, after pressure from Risalvato and his association. The organization feared that gas station owners on vacation — the bill was up for a vote just before the Fourth of July — would return to thousands of dollars in losses if gas prices weren't increased.

A spokesman for the Senate Majority Office confirmed Risalvato's timeline of the gas tax increase.

3. So what do I get out of it?

The bill also includes a cut of 3/8 of a percentage point to the state sales tax, which is currently 7%, in two marginal cuts: It would be reduced to 6.875% on Jan. 1, 2017 and drop to 6.625% on Jan. 1, 2018. Christie's original plan came with a 1-percentage-point cut in the sales tax phased in over two years.

For drivers of 20,000 miles in a vehicle that gets 30 miles per gallon, the cost in added gas tax is \$153.33. The sales tax savings next year on \$10,000 of taxable goods would be just \$12.50.

On a \$19.99 purchase, New Jerseyans currently pay about \$1.40 in sales tax. If the bill passes, they would pay \$1.32 in sales tax on the same purchase.

The bill also comes with an elimination of the estate tax, widely pointed to as a reason that wealthy taxpayers flee the state, and a gradual increase in tax exemptions on retirement income, up to \$100,000 for couples. The estate tax would also be phased out, with cuts on Jan. 1, 2017, and Jan. 1, 2018.

The bill also comes with an increase to the Earned Income Tax Credit, a popular tax break among working-class families, from 30 percent to 35 percent of the federal level beginning with the 2016 tax year. It also includes a \$3,000 annual personal exemption on state income tax for veterans.

4. Why is a gas tax increase necessary?

The TTF has been insolvent since July 1, with only enough revenue to pay for debt service — not the nearly \$2 billion in road and bridge projects the fund is designed to pay for.

Raising the gas tax would provide \$2 billion more in revenue for the fund each year, allowing further commitments to transportation infrastructure. With the new revenue, construction crews can restart work on nearly \$3 billion in transportation projects that Christie suddenly halted in July, disgusted when his original gas tax/sales tax plan stalled.

Oct. 16 will be the 100th day without work for crews sent home after projects were stopped.

After a Hoboken woman was killed when an NJ Transit train [derailed last week](#), legislators and advocates have called for more funding to allow the railroad agency to install Positive Train Control, a federally mandated automatic braking system.

Christie has said the delayed transportation projects [did not include any PTC technology](#).

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