

NEW JERSEY 101.5

A brief reprieve: We'd get a few weeks before big gas tax hike starts

By [Michael Symons](#) October 3, 2016 5:10 PM

Drivers will apparently get at least a two-week reprieve before a 23-cent hike in the gas tax goes into effect.

The hike – along with an array of accompanying cuts to other taxes – is scheduled to be approved Wednesday by the state Senate and Assembly, and Gov. Chris Christie is expected to sign it shortly thereafter.

Although legislative leaders told reporters Friday evening that the tax hike would take effect immediately, that is not the case, according to the executive director of the New Jersey Gasoline, C-Store and Automotive Association, Sal Risalvato.

“We have actually worked with the Legislature, and they have assured us that the tax will not go into effect until at least 14 days after the governor signs the legislation that increases the tax. They are, however, endeavoring to have this accomplished so the effective date is no later than Nov. 1,” Risalvato said.

“If the Legislature does indeed pass it as expected by this Thursday, and the governor signs it on Thursday, that 14 days would then make the effective date of the increase Oct. 21,” Risalvato said.

The Senate has scheduled a 10 a.m. voting session for Wednesday to consider the bills related to the Transportation Trust Fund refinancing – one authorizing \$2 billion in construction spending a year for eight years, another hiking the gas tax while cutting sales, estate and, for some groups, income taxes.

The Assembly has scheduled its session for noon.

Tax increases are required to originate in the Assembly – and technically it did, as the Assembly voted back in June to hike the gas tax and cut the sales tax. That bill stalled in the Senate, which will instead amend it and send it back to the Assembly.

It's still unclear if the bill will be approved Wednesday.

For the Senate (or Assembly, for that matter) to give its final approval to a bill on the same day the legislation is amended requires three-fourths of the lawmakers – 30, in the Senate – to vote to declare an emergency. Sometimes, lawmakers will agree to vote for an emergency even if they then vote to oppose the bill. Without an emergency, a full calendar day must pass.

Once the Assembly approves the bill, it would go to Christie, who reached an agreement Friday afternoon with legislative leaders and is expected to sign it quickly.

In addition to increasing the gas tax from 14.5 cents a gallon to 37.5 cents, increasing it from the nation's second-lowest gas tax to its seventh highest, the plan includes a few tax cuts:

- The sales tax would decrease by one-eighth of a percentage point Jan. 1, then by another one-fourth of a percentage point at the start of 2018. At that time, it would be 6.625 percent.
- The estate tax would be phased out. The \$675,000 threshold above which estates must pay the tax would change to a \$2 million exclusion on Jan. 1, and then the tax would be eliminated at the start of 2018. The separate inheritance tax would still be collected.
- More pension and retirement income would be excluded from income taxes. Over four years, the current exclusions — \$20,000 for joint filers, \$15,000 for individual and \$10,000 for married people who file separately — will increase fivefold, to \$100,000, \$75,000 and \$50,000.
- The earned income tax credit, which is available to the working poor, would increase from 30 percent of the federal credit to 35 percent.
- Veterans who are honorably discharged would receive a new personal exemption from New Jersey's gross income tax. In an earlier version of the plan, the exemption was to be \$3,000.

Text of the proposed legislation was not yet available Monday.

The gas-tax increase is expected to generate almost \$1.2 billion a year in additional revenues — \$1.1 billion from gasoline, \$40 million from diesel fuels and \$31 million from non-motor fuels.

The tax cuts are estimated to save taxpayers, and cost the state treasury, \$1.4 billion when phased in fully by 2021. In 2017, the taxpayer savings are projected to be \$164 million.

Risalvato said gas station workers are prepared to hear from angry motorists but expects that the frustration will be aimed at elected officials.

"My members will always encounter motorists that will have complaints when the price of gas goes up for whatever reason. So yeah, it's going to happen," Risalvato said. "But I think there's enough media coverage surrounding this because it's gone on so long that although people may express anger, they may not direct it at the proprietors and the employees that are pumping the gas."

The money from the gas tax is expected to be used to enable the state to borrow the money needed to finance \$2 billion in road, bridge and rail projects a year for eight years. Combined with federal matching funds, that will amount to \$32 billion in spending over eight years.

The state has not had a plan in place to pay for transportation projects since the new fiscal year began three months ago. Construction workers have been out of work since early July but could be back on the job within a few days after the TTF bill is signed.

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