

# N.J. 23-cent gas tax hike: When you will actually pay more at the pump

By Samantha Marcus | NJ Advance Media for NJ.com  
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New Jersey lawmakers are expected to pass a 23-cent-per-gallon increase in the gasoline tax Friday that Gov. [Chris Christie](#) says he'll sign. But when will you actually begin paying more at the pump?

When Christie puts his John Hancock on the bill, it will set off a chain reaction that will hit New Jersey drivers in November.

Under the legislation, the tax hike will take effect Nov. 1 or two weeks after it's signed off on by the governor, whichever is later.

Sal Risalvato, executive director of the New Jersey Gasoline, C-Store, and Automotive Association, said that lag time was needed to give the industry time to implement the price change.

The last time the [gas tax](#) was increased was 1988. The 28-year gap since that last increase is the longest in state history.

James Benton, executive director of the New Jersey Petroleum Council, said that "while it hasn't occurred in a while, we are relatively nimble in making those changes."

In exchange for a 23-cent-per-gallon increase in the gas tax, lawmakers are poised to approve \$1.4 billion in tax cuts.

The 14.5 cent gas tax is now 49th in the U.S., with only Alaska being lower. Once the increase is enacted, New Jersey would have the [seventh-highest](#) gas tax. But because the tax depends on the price of gasoline, the Garden State could move up or down on that list.

While diesel and non-motor fuels will also see increases, the centerpiece of the legislation to raise money for the Transportation Trust Fund is the increase in the petroleum products gross receipts tax.

The actual size of the increase will fluctuate from year to year to guarantee it brings in \$1.16 billion a year for infrastructure projects.

The chain starts with suppliers, which are effectively collection agents for the state. They pass on the tax increase to retailers, who at midnight Nov. 1 will raise the price of a gallon at the pump, Risalvato said.

Retailers will then pick up the cost when a tank truck arrives at their stations with invoices reflecting the additional 23 cents per gallon. With 8,500 gallons in a tank truck, that delivery will get \$1,955 more expensive, Risalvato said.

"Whatever that gas cost me today, tomorrow when it arrives it's going to have 23 cents more on every gallon that comes," he said.

The cost of a shipment is typically drafted out of the owners' account within 18 or so hours. The transaction is a little more complicated for whatever inventory retailers have sitting in underground storage at midnight, Risalvato said.

"If I have 10,000 gallons in the ground, I bought that theoretically 23 cents less than the gas that I'm buying after Nov. 1," he said. "If I just raised the price 23 cents, I just made an extra 23 cents on it."

They won't be able to just keep that extra money, though, Risalvato said. Retailers can expect to receive a special tax return asking how much gas they had in the ground at midnight.

AAA has estimated that the "per driver" new cost would be about \$170 a year, assuming the average annual mileage is 15,000 miles. The Christie administration, assuming the average driver travels about 12,000 miles per year and their car gets 25 miles per gallon, estimated that driver would pay \$110 more per year.

The tax increase on gasoline sold in New Jersey is part of a broader political deal struck between Christie and the Democratic leaders of the Legislature that also includes increases to non-motor fuel and diesel fuel taxes and five cuts to the estate, sales and income taxes.

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