



New Jersey Gas Prices Could Change Come Oct. 1

A little-talked-about provision in last year's 23¢ gas tax increase could trigger a change. Here's why.

By Tom Davis | September 15, 2017

You have to read the fine print to learn about it. But there is a little-talked-about provision in last year's 23¢ gas-tax increase that could trigger another hike by Oct. 1.

It could also trigger a drop — or the gas tax could stay the same — depending on how much the tax has collected over the past year to fund the Transportation Trust Fund. The fund pays for important and emergency road projects.

The legislation signed by Gov. Chris Christie has what it calls a “true-up” provision. That entails the following:

"If the rate is too high and the state over-collects, then in the next year the rate must be adjusted down to account for the over-collection," according to the legislation, "and if the state under-collects then the rate is increased to account for the under-collection."

In other words, the state Department of Treasury has to determine if the revenue derived from the gas tax met the state's expectations. It's not clear how much money the treasurer expected to draw from the gas tax.

But a spokesman for the treasurer, Willem Rijksen, said "the matter is currently under review.

"Per the statute, the treasurer and legislative budget and finance officer shall determine the total revenue derived from highway fuels taxes in FY17," he said in a statement. "After considering the result of that determination, any adjustment to the 22.6-cent gallon gas tax will be announced in advance of its effective date of October 1."

Sal Risalvato, executive director of the New Jersey Gasoline-Convenience-Automotive Association, told NJ Advance Media that he believes the rate will stay the same, saying: "The volume of gasoline and diesel has kind of stayed steady and constant. And if that stayed constant, then the revenues should meet what the expectations were."

Efforts by Patch to contact Risalvato and Rijksen were not immediately successful.

The state legislature approved a plan last fall to raise gas taxes by 23 cents, a Christie-backed plan that took effect Nov. 1, 2016. The state Senate voted 24-14 to approve the plan, while the state Assembly voted 44-27 to approve it, with nine not voting, soon afterward.

The state's gas tax increased by 23 cents a gallon to 37.5 cents, an amount that was still less than the neighboring states of New York, Pennsylvania and Connecticut, according to supporters. The plan was expected to produce \$1.2 billion in annual revenue that will be constitutionally dedicated to the TTF.

As part of the package, the sales tax will be reduced by one-third of a penny over two years. On Jan. 1, 2017, the sales tax went from 7 percent to 6.875 percent. That will be followed by a decrease to 6.625 percent on Jan. 1, 2018, for a total reduction of 0.375 percent.