



Will N.J.'s gas tax go up again soon?

By Samantha Marcus | September 13, 2017

Before last fall, New Jerseyans hadn't seen a change in the state taxes they pay on gasoline in 28 years. But the next new tax at the pump could hit much sooner.

Come Oct. 1, New Jersey's gas tax will increase again, drop, or simply stay the same.

The hard-fought law that raised gas prices [23 cents a gallon overnight](#) in November includes a provision that the tax rate may be adjusted each October to ensure it drums up enough money for the Transportation Trust Fund.

It's left to state officials to scrutinize how the tax performed over the past year compared to expectations and then to the treasurer to adjust the rate up or down. A spokesman for Treasurer Ford Scudder would not say whether Scudder had yet made that determination, but noted it is "under review."

"Any adjustment to the 22.6 cent/gallon gas tax will be announced in advance of its effective date of Oct. 1," spokesman Willem Rijkssen told NJ Advance Media.

One industry expert says it's much more likely the tax surcharge will hold steady at 23 cents a gallon.

The surge in gas prices that swept over New Jersey after Hurricane Harvey closed Gulf Coast refineries may be pulling back, experts said.

"I don't believe there will be any adjustments, because 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," said Sal Risalvato, executive director of the New Jersey Gasoline-Convenience-Automotive Association.

The organization monitors weekly national consumption data, which has been stable, and there's no reason to think New Jersey doesn't fit the mold, he said.

Risalvato said the industry needs lead time to implement any change. He hasn't been contacted by the Treasury Department, which he takes as further evidence the numbers won't be moving.

Gov. [Chris Christie](#) and the Legislature [agreed](#) last year to raise the petroleum products gross receipts tax 23 cents to generate billions of dollars for a fraying infrastructure network.

Political wrangling over the gas tax, the lifeline of the Transportation Trust Fund, which pays for road, bridge and transit projects across the state, consumed Trenton and led to a summer-long construction freeze as the trust fund ran out of money.

The tax increase was sold as part of a broader political deal struck between Christie and Democratic leaders that also included cuts to the estate, sales and income taxes.

The 23-cent tax hike, along with increases in diesel fuels and non-motor fuels, is expected to produce \$1.23 billion annually to finance an eight-year, \$16 billion transportation program.

New Jersey drivers had previously paid the [second-lowest](#) state gas taxes in the U.S.

AAA estimated the hike would cost drivers another \$170 a year, assuming they drive 15,000 miles annually. The Christie administration estimated a more modest \$110 more per year.

The gas tax law effectively freezes the amount of money the state expects to collect from the tax to an amount based on the hypothetical impact of the new tax on past consumption. The state treasurer can adjust the tax rate up or down each year.

There's also a smoothing effect, so if the tax comes up short one year, drivers will have to make up for it the next. And if the state collects too much one year, drivers will get a discount the next year.

Experts predicted that the state wasn't likely to miss its mark by much in any given year, as motor fuels taxes are among the least volatile of state revenues.

Risalvato said this was built into the law to safeguard the Transportation Trust Fund from getting shortchanged by dips in consumption.

"If you look at revenues the TTF took in five or six years ago and the revenues it was taking in prior to last November, they declined," he said. "And the reason they declined is because consumption declined. The tax rate stayed the same. But since consumption had declined, that brought in less revenue, not that the revenues that it was taking in would have been enough anyway, but it was compounded by the fact that it was taking in less revenue."