



NJ GAS TAX TO INCREASE — AGAIN — BY 4.3 CENTS IN OCTOBER

Michael Symons, August 30, 2018

New Jersey's gas tax will increase 4.3 cents a gallon on Oct. 1, the state Department of the Treasury announced Thursday.

The 2016 law that added 22.6 cents to what was at the time a 14.5 cent-a-gallon tax also guaranteed the hike tax would yield the state a steady level of revenue, \$1.9479 billion — so if consumption goes down, the gas tax gets increased to make up the gap.

That's what's happening. And the Treasury Department says it should have happened a year ago, too, but that the former Christie administration chose not to raise the rate despite a \$42.6 million shortfall.

That shortfall is now \$125.2 million. To raise that plus the roughly \$1.95 billion base, and presuming consumption of gas stays level for the year ahead, requires that the tax be raised 4.3 cents a gallon, to a total of 41.4 cents.

It would be 1.7 cents lower if the state had raised taxes as the law intended a year ago, said state Treasurer Elizabeth Maher Muoio.

"The precise change in the gas tax rate is dictated by several factors, all of which are beyond the control of the current administration," Muoio said. "The law enacted in 2016 contains a specific formula to ensure that revenue is meeting a certain target.

"Unfortunately, because the Christie administration overestimated gas consumption rates last year, the tax rate has to be increased by nearly two cents more this year in order for us to meet our obligation under the statute and fully fund the state's many pressing transportation infrastructure needs."

State Sen. Christopher “Kip” Bateman, R-Somerset, who voted against the tax plan in 2016, said he will introduce legislation to repeal the provision in the law that allows for automatic, formula-driven increases.

“It seems to be no limit to it,” Bateman said. “It’s outrageous that we’re going back to the residents and asking for another 4 cents. Let’s be looking at ways to cut spending. I understand the Transportation Trust Fund is important. But we never cut, and we just keep going back and asking for more and more. And that’s why people leave New Jersey.”

New Jersey’s gas tax will move ahead of Connecticut to become the sixth highest in the nation.

Among those states with higher gas taxes are neighbors Pennsylvania and New York, as well as Washington, Hawaii and California.

New Jersey’s tax will only be about 4.4 cents less than New York’s, and Sal Risalvato, executive director of the New Jersey Gasoline, C-Store and Automotive Association, said the loss of that competitive edge has been devastating for gas stations along New Jersey’s northern border.

“The announcement that the tax is going to go up 4.3 cents to me is an abomination,” said Risalvato, who said his group presented the Treasury Department a plan in May to keep the Transportation Trust Fund solvent through annual penny-per-gallon increases in the gas tax.

Muoio said that for the formula to be changed would require a new state law.