



The gas-tax hike: Don't like high prices? Pump it yourself | Mulshine

Paul Mulshine, September 9, 2018

I yield to no one in my criticism of the fiscal policies of Gov. Phil Murphy.

But when it comes to this looming 4.3-cent hike in the gas tax, you can't blame the governor.

Blame yourself - for two reasons.

One reason is that for years you let politicians of both parties get away with telling you that the most densely populated state in the union could somehow get by with the lowest gas tax in the Lower 48 states.

Another reason is that you don't want to pump your own gas. For more than half a century, Jersey drivers fooled themselves into believing that full-service gas is free. In fact, it costs about 10 cents a gallon according to a guy who has spent his life studying gas prices. That's Sal Risalvato of the New Jersey Gasoline, C-Store and Retail Alliance.

The cost of mandatory full-service gas was not apparent back when we had the lowest gas tax around, he said. But as of Oct. 1, when we will have the ninth-highest gas tax in the nation, we can no longer afford it.

The reason is simple, says Risalvato. It makes us uncompetitive with other states.

"They're able to price at a self-serve price," said Risalvato. "Now we're gonna take a tax hit as well, and we can't compete on the tax either."

State officials say the 4.3-cent-per-gallon hike in the gas tax became necessary because gas-tax revenues have fallen below projections made in 2016 when the tax was raised by 23 cents a gallon.

Many people have speculated that the missing revenue was due to decreased consumption. Risalvato said his members have a better explanation: Out-of-state drivers are no longer purchasing as much gas as they used to.

"It cut in a lot more than we expected," said Risalvato. "We have locations in Bergen, Sussex and Passaic counties that have lost 25 percent because a lot of their customers were New York drivers."

Back when New Jersey had a low gas tax, drivers made a point of stopping to fill up. But with a 41.4-cent-per-gallon gas tax and another dime a gallon for mandatory full-service, they don't have much incentive to gas up in the Garden State. Permitting self-service would be a big help, especially with out-of-state drivers who are used to pumping their own gas anyway.

Risalvato's group opposes that 4.3-cent-per-gallon increase. But a Republican state senator who has studied the issue in depth says the choice is simple: You either raise the gas tax to generate about \$200 million more a year. Or you borrow that \$200 million every year.

That choice was easy for past administrations, said Sen. Steve Oroho of Sussex County. They borrowed by the billions.

"The people were lied to, by Republicans and Democrats alike, into thinking they had a great deal," said Oroho. "It was debt, spend and hide - hide it from the people of New Jersey." (Read this column about how a low gas tax forces higher property taxes.)

Instead of raising the gas tax, Democrat Jon Corzine used his Wall Street wizardry to extend the length of the transportation bonds from 20 to 31 years.

The Republican who defeated him in the 2009 election, Chris Christie, promised that instead of raising the tax "We will pay-as-you-go with existing funds." Instead he came up with a "pay-as-you-borrow" scheme in 2012 in which a new \$3.4 billion bonding scheme was camouflaged as old debt.

By the time 2016 rolled around, the annual debt service tab was \$1.6 billion a year while the gas tax produced a mere \$750 million, Oroho said.

"When we looked at how long it would take to pay off the old debt with the old gas tax, we realized that the debt never went down," he said. "It would just keep growing and growing."

When Christie finally signed that 23-cent gas-tax hike, more than half of the new revenue had to go to pay off old debt. That doesn't leave much money for roads and bridges.

Under the formula adopted in 2016, we might see another tax hike in a few years if revenues don't meet projections. That would cut even further into the taxes collected from out-of-state drivers.

The only feasible way to put a dent in rising gas costs is ending mandatory full-service gas. That's an idea whose time has come, said Risalvato.

"I think in time self-service will come and here's why: It's way too inconvenient to pull into a station and wait for an attendant," he said. "More and more people will look at a pump blocked by orange cones and they'll know they could pump their own gas and be out of there."

As for the rest of you, you can still sit on your butts fiddling with your radio while someone pumps your gas for you.

Just don't expect the rest of us to pay for it.

ADD - THE REAL REASON SELF-SERVICE WAS BANNED: Many people are under the mistaken impression that New Jersey has always had mandatory full-service gas. Many others are under the mistaken impression that full-service costs no more to provide than self-service. Both are untrue.

Read this column of mine from 2008 in which I pointed out that self-service was banned because the price was much lower and gas-station owners bought enough legislators to cut off the competition:

It was Irving Reingold who created the crisis that led to the law banning self-serve gasoline. Reingold, a workaholic who took time out only to fly his collection of World War II fighter planes, started the crisis by doing something gas station owners hated: He lowered prices. Fifty-one years ago, gas was selling at 21.9 cents a gallon.

Reingold decided to offer the consumer a choice by opening up a 24-pump gas station on Route 17 in Hackensack. He offered gas at 18.9 cents a gallon. The only requirement was that drivers pump it themselves. They didn't mind. They lined up for blocks.

The other gas station operators didn't like the competition. Someone tried shooting up Reingold's station. But he installed bulletproof glass, so the retailers looked for a softer

target - the Statehouse. The Gasoline Retailers Association prevailed upon its pals in the Legislature to push through a bill banning self-serve gas. The pretext was safety, but the Hackensack fire chief had already told all who would listen that Reingold's operation was perfectly safe.

The bill sailed through in record time, despite the objections of everyone who cared about the public interest.