



# N.J. Gas Tax To Rise 9.3 Cents a Gallon On Oct. 1

**By: Samantha Marcus, August 28, 2020**

New Jersey's gasoline tax will rise by 9.3 cents to 50.7 cents a gallon on Oct. 1 as the state tries to recoup hundreds of millions of dollars in lost revenue from virtually shutting down during the coronavirus pandemic, the state treasurer announced Friday.

Beginning Oct. 1, drivers also will pay 57.7 cents on a gallon of diesel.

Gasoline tax collections fell far short of expectations in the 12 months ending June 30, triggering a 2016 state law that requires the tax rate be adjusted each October to ensure it generates enough cash for New Jersey's Transportation Trust Fund. If it falls short of the \$2 billion target in one year, the treasurer is supposed to increase it in the next.

Drivers currently pay 41.4 cents to the state on each gallon pumped in New Jersey. The diesel tax is 48.4 cents.

At 50.7 cents a gallon, New Jersey's gas tax will be fourth highest among U.S. states, behind only California, Pennsylvania and Illinois, according to the American Petroleum Institute. The state currently ranks 10th.

Each penny increase typically raises about \$50 million in revenue.

"Highway fuels consumption took a significant hit in FY 2020 because of the economic downturn caused by the COVID-19 pandemic," Treasurer Elizabeth Muoio said in a statement.

"As we've noted before, any changes in the gas tax rate are dictated by several factors that are beyond the control of the administration," she said. "The law enacted in 2016 contains a specific formula to ensure that revenue is meeting a certain target. When it

does not, the gas tax rate has to be adjusted accordingly in order for us to meet our obligation under the law and fully fund the state's many pressing transportation infrastructure needs."

**Even before the pandemic experts were forecasting a shortfall that might necessitate a one or two cent bump in the tax rate, Sal Risalvato, executive director of the New Jersey Gasoline-Convenience-Automotive Association, said this spring.**

**But the near shutdown of the state to fight the spread of the coronavirus made things much worse.**

**Within weeks of the shutdown, station owners reported gas sales plummeted 70%, Risalvato, said.**

By Oct. 1, the gas tax will have increased more than 36 cents since 2016. That fall, Gov. Chris Christie and the Democratic-controlled Legislature agreed to raise the motor fuels tax 23 cents a gallon to fund road and rail projects in New Jersey. Lawmakers said such a big tax hike was needed to fund an eight year, \$16 billion transportation program that could turn around New Jersey's aging and neglected infrastructure.

That deal also laid the groundwork for future changes in the tax rate. Because gas tax revenue is dependent on how much gas people buy, they wanted assurances that they would have enough money to pay for those projects.

If gas sales are booming and gas tax dollars are flowing into state coffers, then the treasurer can reduce the tax. If sales are slowing and it's not raising enough money, the treasurer raises the tax.

Murphy's administration most recently increased the tax 4.3 cents in 2018. It did not raise the rate again in 2019 despite a slight shortfall.