



N.J.'s Gas Tax Is Going Down! It's Dropping After Drivers Were Hit With Increase Last Year.

By: Matt Arco, August 24, 2021

New Jersey's gasoline tax will drop 8.3 cents to 42.4 cents a gallon on Oct. 1 after drivers were forced to pay more at the pump a year ago, state officials announced Tuesday.

Drivers were hit with a 9.3 cent hike last October as the state sought to recoup hundreds of millions in revenue lost when drivers stayed home during the coronavirus pandemic.

"Because actual consumption in Fiscal Year 2021 was so closely in line with our projections made last August, coupled with the fact that consumption in the current fiscal year is projected to be above last fiscal year's levels, our analysis of the formula dictates an 8.3 cent decrease this coming October," state Treasurer Elizabeth Maher Muoio said in a statement.

"We are pleased that this dedicated funding stream continues to provide billions of dollars across the state to support our critical transportation infrastructure needs," she said.

Beginning Oct. 1, drivers will pay 42.4 cents a gallon for gasoline and 49.4 cents on a gallon of diesel. That's down from 50.7 cents for gas and 57.7 cents for diesel.

Each penny on the tax typically figures out to about \$50 million in revenue.

At 42.2 cents a gallon, New Jersey's gas tax will drop from the fourth highest among U.S. states to ninth, behind California, Illinois, Pennsylvania, Nevada, Hawaii, Indiana, Washington, New York, and Michigan, according to a July survey by the American Petroleum Institute.

New Jersey's tax on gasoline has risen more than 36 cents a gallon since 2016, when former Gov. Chris Christie and Democrats who control the Legislature agreed to a 23-cent a gallon hike to raise money for road and rail projects.

That deal also laid the groundwork for future adjustments to the tax rate by guaranteeing the gas tax, which fluctuates based on how much gas people buy, will generate enough revenue to pay for the eight year, \$16 billion Transportation Trust Fund program.

If gas sales and gas tax dollars are booming, then the treasurer can reduce the tax. But if it falls short of the \$2 billion target in one year, the treasurer is supposed to increase it in the next.

Murphy raised the tax 9.3 cents a gallon last fall, following a 4.3-cent increase in 2018. He did not hike it in 2019 despite a slight shortfall.

Sal Risalvato, executive director of the New Jersey Gasoline-Convenience-Automotive Association, said this spring he hoped stations would escape another increase this year despite below-normal sales volume.

Gas sales plummeted to 20% of their pre-pandemic levels in 2020, he said, but they were back up to about 80% to 85% this spring, Risalvato said then, adding he wasn't sure if or when they'll make a full recovery.