



N.J.'S Gas Tax Goes Down Friday. We're Not Kidding.

By: Amanda Hoover, October 1, 2021

Yes, you read that right. A tax in New Jersey is going down.

On Friday, the state's gasoline tax drops 8.3 cents to 42.4 cents per gallon. The decrease comes after the state hit drivers with a 9.3 cents a gallon hike last October to offset hundreds of millions in revenue lost when drivers stayed home and off the roads during the coronavirus pandemic.

But fuel consumption during 2021 fell in line with last year's projections, according to the state. That allowed for an adjustment this year.

The lower tax could ease high payments at the pump. The state average cost of gasoline is currently \$3.22 per gallon, up more than \$1 from \$2.17 this time last year, according to the American Automobile Association.

Drivers will now pay a tax rate of 42.4 cents per gallon, down from 50.7 cents over the past year. Diesel taxes are falling from 57.7 cents a gallon to 49.4 cents, the state announced in August.

The national average state tax on gas is 38.19 cents per gallon, according to a July survey by the American Petroleum Institute.

The state long had among the lowest gas taxes in the nation. But the tax has jumped more than 36 cents a gallon since 2016, largely due to a 23-cent a gallon hike to raise money for road and rail projects under former Gov. Chris Christie.

The tax now fluctuates based on how much gas drivers buy. But it must generate \$2 billion annually to fund an eight year, \$16 billion Transportation Trust Fund program launched in 2016.

Gov. Phil Murphy raised the tax 4.3 cents in 2018.

Sal Risalvato, executive director of the New Jersey Gasoline-Convenience-Automotive Association, said the decrease could help New Jersey gas stations to recapture business they have lost to neighboring states.

Following the 2016 hike, Risalvato said, New Jersey lost an estimated 400 million gallons each year from 2017 to 2019 to other states.

“With the 9 cent increase, we began seeing New Jersey people buying gas in New York, because it’s cheaper,” he said. “This will at least bring us back to even, and at least some of the gallons we’ve lost in the last year, hopefully we can get those back.”