



## Border gas stations 'getting creamed' but tax hike had little impact in rest of NJ

By [Michael Symons](#)

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Despite howls of protests from drivers, New Jersey's gas tax increase didn't appear to have much impact on their purchasing patterns at the pumps – except, says the association for gas stations, by the state's northern and southern borders.

In November, New Jersey more than doubled its gas tax to 37.1 cents a gallon. But the two-part way the state levies the tax allows a unique opportunity to deduce sales patterns, as the 10.5-cent retail-level tax was not touched, while the wholesale-level tax was hiked.

Collections of the retail-level motor-fuels tax did decline by 3 percent in November, compared with a year earlier. But that wasn't especially noteworthy, as it was the fourth straight month of small year-over-year dips and was nearly in line with the year-end forecast — made before the tax hike — of a 2 percent drop.

The experience has been different in Salem and northern Bergen counties, said Sal Risalvato, executive director of the New Jersey Gasoline, Convenience Store and Automotive Association.

"We have gotten comments from our members that range from 'haven't noticed a thing' to 'this is devastating,'" Risalvato said. "It really boils down to location."

Risalvato said some stations in North Jersey corridors heavily used by New York commuters such as Route 4, Route 17 and the Palisades Interstate Parkway have seen a 25 percent drop in gas sales.

"When I tell you 25 percent, I'm not kidding. Twenty-five percent. They are screaming," he said. "Those locations are getting creamed," said Risalvato.

Gas-tax collections in New York were 8% higher in December 2016 than December 2015, and 10% higher in November. But it's hard to assign that to New Jersey's tax hike, as collections in New York were already up similarly in the months before the Garden State increase.

New Jersey's gas tax is close to 7¢ a gallon below New York's. It is 21¢ less than the tax in Pennsylvania, in part because that state raised its tax nearly 8 cents a gallon a month ago, so there's been little impact along most of the Delaware River border.

Risalvato said he's been surprised by the impact on stations near the Delaware Memorial Bridge. The gas tax in Delaware is 14 cents less a gallon – and while that's still not worth the \$4 toll, it might have changed the calculus for drivers on longer trips.

"I still don't think we've lost people that were commuting from Delaware, or traveling from Delaware to purchase their gas, but we have found that the people that are making that multi-state trip, the way they

used to consciously say, 'I'm going to fill up in New Jersey,' they're saying, 'I'm filling up in Delaware.' So we have taken a little bit of a hit, and that was totally unexpected," Risalvato said.

It was estimated during the recent debate over the tax hike that out-of-state drivers accounted for one-third of gas purchases in New Jersey.

It's trickier to track the impact on consumption by looking at the other portion of the tax New Jersey levies on gasoline purchases, the petroleum products gross receipts tax, or PPGR.

That's a wholesale-level tax levied on all petroleum products, not just gas. And that is the portion increased in November. It used to add 4 cents a gallon to the gas tax, then was increased by 22.6 cents per gallon. (That's often rounded off to 23 cents, but technically the hike was a smidgen smaller.)

In December – the month that November tax collections are remitted to the state – New Jersey reported \$91.7 million in PPGR revenues. The Treasury Department estimated that around \$73.4 million of that was attributable to the gas-tax increase.

Subtracting out the \$73.4 million, that suggests a 9 percent drop in revenues from November sales.

The impact on sales isn't merely an interesting note: It will determine if drivers are hit with another increase in the gas tax in eight months.

The way the gas-tax hike law was written, it guarantees the state a level amount of revenue from the increase, around \$1.16 billion annually for eight years. If less gas is sold one year, the gas tax would go up on Oct. 1 to compensate for it.

"That's a question mark. That's a concern. It is of great concern," Risalvato said of sales lost to other states. December collections will be detailed in the revenue report made public in February.