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AP NewsBreak: Report suggests higher gas tax and driving fees

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TRENTON, N.J.

Increasing the gas tax, hiking fees for driver's licenses and car registrations, applying the sales tax to gas and boosting a tax on expensive vehicles would help New Jersey solve its fiscal woes, a new study has found.

The study by New Jersey Policy Perspective determined the moves could raise \$2.8 billion annually.

That would help lower Democratic Gov. Jon S. Corzine's proposed toll increases, which are designed to pay state debt and fund transportation work but have been criticized by legislators.

New Jersey has the nation's third lowest gas tax, at 14.5 cents per gallon, and it hasn't been increased since 1988, but Democratic senators have been weighing increasing the gas tax to help ease Corzine's proposed toll increases.

NJPP, a liberal Trenton-based think tank that has successfully lobbied for, among other moves, income tax breaks for low-income earners and an income tax increase on wealthy earners, proposed:

- _ A 20-cent per gallon gas tax increase to generate \$1 billion each year.
- _ Applying the sales tax to gasoline to raise \$900 million a year, if gas costs \$3 per gallon.
- _ Doubling registration fees on new, smaller cars and tripling fees on larger cars to increase revenue by \$480 million a year.
- _ Doubling drivers' license fees to \$48 for a 4-year license to raise \$340 million a year.
- _ Increasing a state fee charged to cars costing \$45,000 and more to generate about \$145 million a year. The fee would increase to 2 percent of the vehicle cost.

Corzine wants to use money from the toll hike to pay at least half of \$32 billion in state debt and fund transportation projects for 75 years. The state's transportation fund is to run out of money in 2011.

But some critics fault the plan, saying it disproportionately affects people who live near the toll roads.

NJPP President Jon Shure said toll increases could still be part of the solution.

"But we offer the gas tax and car-related fees as a way to raise money statewide, which tolls don't do," Shure said.

The group acknowledged its plans might not be welcomed, but said the debate was needed.

"As the reaction to proposed highway toll increases is showing, no solutions will be universally applauded," its report stated. "But, employing gas taxes and car-related fees as part of an overall solution would produce significant revenue while also calling upon a majority of New Jersey residents, regardless of where in the state they live, to have a role in

repairing the state's finances.

"And," the report states, "it allows for some mechanisms to base each person's contributions on his or her ability to pay."

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On the Net:

New Jersey Policy Perspective: <http://www.njpp.org/>

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