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NEWS RELEASE

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Governor Provides Tax Relief to New Jersey Motorists in Time for Holiday Weekend

Governor Christie Whitman today signed legislation that will eliminate mandatory increases in the Petroleum Products Gross Receipts Tax (PPGRT) on gasoline as well as aviation fuel and fuel oils - and will freeze the tax at \$.04 per gallon.

"With the rising gas prices at the pump and motorists feeling the pinch, I felt that we needed to step in and offer some financial relief to residents where we could - namely by eliminating this mandatory increase in the gasoline tax," said Gov. Whitman. "Now New Jerseyans won't be hit with a higher gas tax right in time for the holiday weekend."

According to Gov. Whitman, the \$.04 gas tax could have been raised tomorrow given the dramatic increase in gas prices - as the law previously stated.

"I was delighted that the Legislature was able to move this bill so quickly through both houses," added Gov. Whitman who explained that nobody wanted to exacerbate a bad situation.

The PPGRT Act levies a 2.75 percent tax on gross receipts derived from the sale of petroleum products. The Act was amended in 1991 to apply to fuel oils, aviation fuel and motor fuels to set a flat tax rate of \$.04 per gallon. The rate was based upon the 2.75 percent tax multiplied by \$1.44 (which was the average cost per gallon of unleaded regular gasoline in December 1990 and was set as the minimum PPGRT).

The Act requires the Division of Taxation to adjust the per gallon PPGRT rate semi-annually based upon the most recent survey of gasoline prices conducted by the Board of Public Utilities. Since 1991, the average gasoline price has remained below \$1.44 and, as a result, the PPGRT has remained at the statutory minimum of \$.04 per gallon.

The bill, **A-2522**, was sponsored by Assembly Members John C. Gibson (R-Cape May/Atlantic/Cumberland) and Richard H. Bagger (R-Middlesex/Morris/Somerset/Union) and Senators Edward T. O'Connor (D-Hudson) and Raymond J. Zane (D- Salem/ Cumberland/Gloucester).