

**SENATE, No. 2821**

**STATE OF NEW JERSEY**

**221st LEGISLATURE**

INTRODUCED FEBRUARY 27, 2024

**Sponsored by:**

**Senator PAUL D. MORIARTY**

**District 4 (Atlantic, Camden and Gloucester)**

**Senator JOHN J. BURZICHELLI**

**District 3 (Cumberland, Gloucester and Salem)**

**SYNOPSIS**

Imposes additional annual registration fee for electric vehicles; reduces rate of highway fuel taxes; authorizes DOT to conduct alternative revenue feasibility study.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the financing of transportation infrastructure in  
2 the State, supplementing chapter 3 of Title 39 of the Revised  
3 Statutes and P.L.1984, c.73, and amending P.L.2010, c.22 and  
4 P.L.1990, c.42.

5  
6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:

8  
9 1. (New section) a. As used in this section:

10 “Chief administrator” means the Chief Administrator of the New  
11 Jersey Motor Vehicle Commission.

12 “Commercial electric vehicle” means any electric vehicle that is  
13 operated in interstate or intrastate commerce and used for the  
14 transportation of persons for hire, compensation or profit, or  
15 designed or used primarily for the transportation of property.

16 “Electric vehicle” means any motor vehicle that is propelled  
17 solely by an electric motor or energy storage device, which electric  
18 motor or energy storage device can be charged from an electricity  
19 supply external to the vehicle.

20 “Passenger electric vehicle” means any electric vehicle that is  
21 not a commercial electric vehicle.

22 b. In addition to any other motor vehicle registration fees  
23 imposed pursuant to the provisions of chapter 3 of Title 39 of the  
24 Revised Statutes, the chief administrator shall impose and collect an  
25 annual registration fee of \$300 for each passenger electric vehicle  
26 during the fiscal year beginning on July 1, 2025, and each fiscal  
27 year thereafter;

28 c. In addition to any other motor vehicle registration fees  
29 imposed pursuant to the provisions of chapter 3 of Title 39 of the  
30 Revised Statutes, the chief administrator shall impose and collect an  
31 annual registration fee of \$450 for each commercial electric vehicle  
32 during the fiscal year beginning July 1, 2025, and each fiscal year  
33 thereafter.

34 d. (1) In the case of a new passenger or commercial electric  
35 vehicle purchased or leased in the State, the fee shall be collected  
36 by the person required to collect the retail sales tax imposed on that  
37 motor vehicle pursuant to subsection a. of section 3 of P.L.1966,  
38 c.30 (C.54:32B-3). That person shall be personally liable for  
39 collecting, reporting, and remitting the fee in a manner prescribed  
40 by the chief administrator.

41 (2) In the case of a new passenger or commercial electric  
42 vehicle purchased or leased in a jurisdiction other than this State,  
43 the fee and any forms required by the chief administrator shall be  
44 remitted directly to the chief administrator. If the seller or lessor of  
45 the new passenger or commercial electric vehicle in that other

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 jurisdiction is required to collect the retail sales tax imposed on that  
2 electric vehicle pursuant to subsection a. of section 3 of P.L.1966,  
3 c.30 (C.54:32B-3) and is authorized to apply for the issuance and  
4 filing of a certificate of ownership pursuant to R.S.39:10-11, that  
5 seller or lessor may collect, report, and remit the fee in a manner  
6 prescribed by the chief administrator.

7 e. All revenues derived from the fee imposed pursuant to this  
8 section shall be collected by the chief administrator and remitted to  
9 the State Treasurer for deposit into the Transportation Trust Fund  
10 Account, as required pursuant to section 20 of  
11 P.L.1984, c.73 (C.27:1B-20).

12 f. The chief administrator, in accordance with the provisions of  
13 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
14 seq.), shall promulgate rules and regulations to effectuate the  
15 purposes of this section.

16

17 2. Section 3 of P.L.2010, c.22 (C.54:39-103) is amended to  
18 read as follows:

19 3. a. A tax is imposed on fuel used or consumed in this State as  
20 follows:

21 (1) Motor fuel:

22 (a) at the rate of **10.5** 7 cents per gallon for:

23 gasoline and

24 blended fuel that contains gasoline or that is intended for use  
25 as gasoline;

26 (b) at the rate of **13.5** 9 cents per gallon for:

27 diesel fuel,

28 blended fuel that contains diesel fuel or that is intended for  
29 use as diesel fuel, and

30 kerosene;

31 (2) Liquefied Petroleum Gas:

32 at the rate of one-half of the tax imposed under subsection a.  
33 of this section on gasoline, or **5.25** 3.5 cents per gallon;

34 (3) Aviation gasoline:

35 at the rate of 10.5 cents per gallon.

36 b. In addition to the tax, if any, imposed pursuant to subsection  
37 a. of this section a tax is imposed on aviation fuel for distribution to  
38 a general aviation airport at the rate of 2 cents per gallon.

39 c. The taxes imposed by this section are imposed on the  
40 consumer, but shall be precollected pursuant to the terms of the  
41 "Motor Fuel Tax Act," P.L.2010, c.22 (C.54:39-101 et seq.), for the  
42 facility and convenience of the consumer.

43 (cf: P.L.2010, c.79, s.2)

44

45 3. Section 3 of P.L.1990, c.42 (C.54:15B-3) is amended to read  
46 as follows:

47 3. a. (1) (a) There is imposed on each company which is  
48 engaged in the refining or distribution, or both, of petroleum

1 products other than highway fuel and aviation fuel and which  
2 distributes such products in this State a tax at the rate of seven  
3 percent of its gross receipts derived from the first sale of petroleum  
4 products within this State, and there is imposed on each company  
5 which is engaged in the refining or distribution, or both, of highway  
6 fuel a tax at ~~the~~ a rate ~~of 12.85 percent~~, as ~~adjusted~~  
7 determined pursuant to subsection c. of this section, of its gross  
8 receipts derived from the first sale of those products within this  
9 State.

10 (b) The applicable tax rate for gasoline, blended fuel that  
11 contains gasoline or is intended for use as gasoline, and liquefied  
12 petroleum gas, which are taxed as a highway fuel pursuant to  
13 subparagraph (a) of this paragraph, shall be converted to a cents-  
14 per-gallon rate, rounded to the nearest tenth of a cent, and adjusted  
15 quarterly by the director, effective on July 1, October 1, January 1,  
16 and April 1, based on the average retail price per gallon of unleaded  
17 regular gasoline in the State, as determined in the most recent  
18 survey of the retail price per gallon of gasoline that includes a  
19 Statewide representative random sample conducted by the Board of  
20 Public Utilities, Office of the Economist, or its successor.

21 (c) The cents-per-gallon rate determined pursuant to  
22 subparagraph (b) of this paragraph shall not be less than the rate  
23 determined for the average retail price per gallon of unleaded  
24 gasoline in the State on July 1, 2016.

25 (d) The applicable tax rate for diesel fuel, blended fuel that  
26 contains diesel fuel or is intended for use as diesel fuel, and  
27 kerosene, other than aviation grade kerosene, which are taxed as a  
28 highway fuel pursuant to subparagraph (a) of this paragraph, shall  
29 be converted to a cents-per-gallon rate, rounded to the nearest tenth  
30 of a cent, and adjusted quarterly by the director, effective on July 1,  
31 October 1, January 1, and April 1, based on the average retail price  
32 per gallon of number 2 diesel in the State, as determined in the most  
33 recent survey of retail diesel fuel prices that includes a Statewide  
34 representative random sample conducted by the Board of Public  
35 Utilities, Office of the Economist, or its successor.

36 Notwithstanding the provisions of subparagraph (a) of this  
37 paragraph to the contrary, for the period from the 2016  
38 implementation date through December 31, 2016, no rate of tax  
39 shall be applied to diesel fuel, blended fuel that contains diesel fuel  
40 or is intended for use as diesel fuel, or kerosene, other than aviation  
41 grade kerosene; for the period from January 1, 2017 through June  
42 30, 2017, the applicable rate for those fuels shall be 70 percent of  
43 the rate otherwise determined pursuant to subparagraph (a) of this  
44 paragraph, and for July 1, 2017 and thereafter the applicable rate for  
45 those fuels determined pursuant to subparagraph (a) of this  
46 paragraph.

47 (e) The cents-per-gallon rate determined pursuant to  
48 subparagraph (d) of this paragraph shall not be less than the rate

1 determined for the average retail price per gallon of number 2 diesel  
2 in the State on July 1, 2016.

3 (f) The applicable tax rate for fuel oil determined pursuant to  
4 subparagraph (a) of this paragraph shall be converted to a cents-per-  
5 gallon rate, rounded to the nearest tenth of a cent, and adjusted  
6 quarterly by the director, effective on July 1, October 1, January 1,  
7 and April 1, to reflect the average price per gallon, without State or  
8 federal tax included, of retail sales of number 2 fuel oil in the State,  
9 as determined in the most recent survey of retail diesel fuel prices  
10 that included a Statewide representative random sample conducted  
11 by the Board of Public Utilities, Office of the Economist, or its  
12 successor.

13 (g) The cents-per-gallon rate determined pursuant to  
14 subparagraph (f) of this paragraph shall not be less than the rate  
15 determined for the average price per gallon, without State or federal  
16 tax included, of retail sales of number 2 fuel oil in the State on July  
17 1, 2016.

18 (h) On and after the 10th day following a certification by the  
19 review council pursuant to subsection c. of section 19 of P.L.2016,  
20 c.57 (C.52:18A-257), no tax shall be imposed pursuant to this  
21 paragraph.

22 (2) (a) In addition to the tax, if any, imposed by paragraph (1)  
23 of this subsection, a cents-per-gallon tax is imposed on each  
24 company's gross receipts derived from the first sale of petroleum  
25 products within this State on gasoline, blended fuel that contains  
26 gasoline or that is intended for use as gasoline, liquefied petroleum  
27 gas, and aviation fuel at the rate of **four** 2.64 cents per gallon; and

28 (b) In addition to the tax, if any, imposed by paragraph (1) of  
29 this subsection, a cents-per-gallon tax is imposed on each  
30 company's gross receipts derived from the first sale of petroleum  
31 products within this State on diesel fuel, blended fuel that contains  
32 diesel fuel or is intended for use as diesel fuel, and kerosene, other  
33 than aviation grade kerosene, at the rate of four cents per gallon  
34 before July 1, 2017 and at the rate of **eight** 5.3 cents per gallon on  
35 and after July 1, 2017.

36 b. There is imposed on each company that imports or causes to  
37 be imported, other than by a company subject to and having paid  
38 the tax on those imported petroleum products that have generated  
39 gross receipts taxable under subsection a. of this section, petroleum  
40 products for use or consumption by it within this State a tax at the  
41 rate or rates, determined pursuant to subsection a. of this section, on  
42 the consideration given or contracted to be given and the gallonage  
43 for such petroleum products if the consideration given or contracted  
44 to be given for all such deliveries made during a quarterly period  
45 exceeds \$5,000.

46 c. (1) For State fiscal years 2018 **through 2026** and each State  
47 fiscal year thereafter, the rate of tax imposed on highway fuel  
48 pursuant to subsection a. of this section shall be adjusted annually

1 so that the total revenue derived from highway fuel shall not exceed  
2 the highway fuel cap amount calculated pursuant to this subsection.

3 (2) The State Treasurer shall **[,]**, on or before December 31,  
4 2016,**]** determine the highway fuel cap amount as the sum of:

5 (a) the taxes collected for State Fiscal Year 2016 pursuant to  
6 paragraphs (1) and (2) of subsection a. of section 3 of P.L.2010,  
7 c.22 (C.54:39-103) on highway fuel**[,]**;

8 (b) the amount derived from taxing the gallonage of highway  
9 fuel subject to motor fuel tax in State Fiscal Year 2016 at the rate of  
10 four cents per gallon**[,]**; and

11 (c) the amount that would have been derived from taxing the  
12 gallonage of highway fuel subject to motor fuel tax in State Fiscal  
13 Year 2016 at the rate of 23 cents per gallon; except that

14 during State Fiscal Years 2025 and each State Fiscal Year  
15 thereafter, the highway fuel cap amount shall be reduced by 33  
16 percent of the amount otherwise calculated pursuant to this  
17 paragraph.

18 (3) On or before August 15 of each State Fiscal Year following  
19 State Fiscal Year 2017, the State Treasurer and the Legislative  
20 Budget and Finance Officer shall determine the total revenue  
21 derived from:

22 (a) the taxes collected for the prior State Fiscal Year pursuant to  
23 paragraphs (1) and (2) of subsection a. of section 3 of P.L.2010,  
24 c.22 (C.54:39-103) on highway fuel**[,]**;

25 (b) the revenue that would be derived from imposing the tax  
26 pursuant to paragraph (2) of subsection a. of this section on  
27 highway fuel at the rate of **[four]** 2.64 cents per gallon**[,]**; and

28 (c) the revenue derived from the taxation of highway fuel  
29 pursuant to paragraph (1) of subsection a. of this section.

30 (4) Upon consideration of the result of the determination  
31 pursuant to paragraph (3) of this subsection, and consultation with  
32 the Legislative Budget and Finance Officer, the State Treasurer  
33 shall determine the rate of tax to be imposed on highway fuel  
34 pursuant to subsection a. of this section that will result in revenue  
35 from:

36 (a) the taxes collected on highway fuel for the current State  
37 Fiscal Year pursuant to paragraphs (1) and (2) of subsection a. of  
38 section 3 of P.L.2010, c.22 (C.54:39-103)**[,]**;

39 (b) the revenue derived from the tax imposed pursuant to  
40 paragraph (2) of subsection a. of this section on highway fuel at the  
41 rate of **[four]** 2.64 cents per gallon for the current State Fiscal  
42 Year**[,]**; and

43 (c) the revenue derived from the taxation of highway fuel  
44 pursuant to paragraph (1) of subsection a. of this section equaling  
45 the highway fuel cap amount determined pursuant to paragraph (2)  
46 of this subsection, as adjusted pursuant to paragraph (5) of this  
47 subsection; and that rate shall take effect on October 1 of that year.

1 (5) If the actual revenue determined pursuant to paragraph (3) of  
2 this subsection exceeds the highway fuel cap amount determined  
3 pursuant to paragraph (2) of this subsection, then the highway fuel  
4 cap amount for the succeeding year shall be decreased by the  
5 amount of the excess in setting the rate pursuant to paragraph (4) of  
6 this subsection. If the actual revenue determined pursuant to  
7 paragraph (3) of this subsection is less than the highway fuel cap  
8 amount determined pursuant to paragraph (2) of this subsection,  
9 then the highway fuel cap amount for the succeeding year shall be  
10 increased by the amount of the shortfall in setting the rate pursuant  
11 to paragraph (4) of this subsection.

12 (cf: P.L.2016, c.57, s.14)

13

14 4. (New Section) The State shall annually appropriate from the  
15 General Fund, from the revenues collected under the "Sales and Use  
16 Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.) for deposit into the  
17 "Transportation Trust Fund Account," established pursuant to  
18 section 20 of P.L.1984, c.73 (C.27:1B-20), such amounts as are  
19 necessary to support all debt service obligations of the  
20 Transportation Trust Fund Authority that remain outstanding for the  
21 current year after all other dedicated resources have been exhausted,  
22 subject to the approval of the Director of the Division of Budget  
23 and Accounting in the Department of the Treasury.

24

25 5. (New section) Notwithstanding any provision of section 19  
26 of P.L.2016, c.57 (C.52:18A-257) to the contrary, the amendments  
27 to section 3 of P.L.2010, c.22 (C.54:39-103) in section 2 of P.L. ,  
28 c. (pending before the Legislature as this bill) shall not cause the  
29 review council to certify for the purposes of subparagraph (h) of  
30 paragraph (1) of subsection a. of section 3 of P.L.1990, c.42  
31 (C.54:15B-3) to the director that the scheduled implementation of  
32 P.L.2016, c.57 (C.54:15B-13 et al.) has been impeded.

33

34 6. (New section) a. The Department of Transportation, in  
35 consultation with the Transportation Trust Fund Authority and the  
36 Office of Revenue and Economic Analysis in the Department of the  
37 Treasury, shall conduct a study and make recommendations  
38 concerning the dedication of alternative sources of revenue to the  
39 Transportation Trust Fund, which revenues may be necessary to  
40 offset future revenue reductions from the Motor Fuels Tax and the  
41 Petroleum Products Gross Receipts Tax due to the decreased  
42 consumption of gasoline, diesel, and other highway fuels. The  
43 purpose of this study shall be to identify one or more sources of  
44 revenue, other than the Motor Fuels Tax and the Petroleum  
45 Products Gross Receipts Tax, that may be relied upon to fund the  
46 Transportation Trust Fund in future years.

1       b. The department shall issue a written report of its findings and  
2 recommendations pursuant to subsection a. of this section. At a  
3 minimum, the report developed pursuant to this section shall:

4       (1) analyze the feasibility of dedicating alternative sources of  
5 revenue to the Transportation Trust Fund to ensure that any long-  
6 term reductions in revenue from the Motor Fuels Tax and Petroleum  
7 Products Gross Receipts Tax do not prevent the Transportation  
8 Trust Fund Authority from paying its debt service obligations and  
9 funding the State’s transportation capital program. At a minimum,  
10 this analysis shall examine the potential implementation of:

11       (a) a mileage-based user fee;

12       (b) an additional registration fee imposed on the owners of all or  
13 some motor vehicles;

14       (c) a carbon or pollution tax;

15       (d) an additional tax or fee imposed on the electricity used to  
16 charge electric vehicles;

17       (e) an increased dedication of revenue from the Sales and Use  
18 Tax; and

19       (f) an increased dedication of revenue from the Corporation  
20 Business Tax; and

21       (2) make recommendations for the dedication of alternative  
22 sources of revenue, other than the Motor Fuels Tax and the  
23 Petroleum Products Gross Receipts Tax, to the Transportation Trust  
24 Fund.

25       c. No later than August 31, 2026, the department shall submit  
26 the report to the Governor and, pursuant to section 2 of P.L.1991,  
27 c.164 (C.52:14-19.1), to the Legislature. The department shall  
28 publish an electronic copy of the report on the department’s official  
29 Internet website.

30

31       7. (New section) Notwithstanding any provision of the  
32 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et  
33 seq.) to the contrary, the Director of the Division of Taxation in the  
34 Department of the Treasury shall adopt, immediately upon filing  
35 with the Office of Administrative Law and no later than the 30th  
36 day after the date of enactment of P.L. , c. (pending before the  
37 Legislature as this bill), such rules and regulations as the director  
38 deems necessary to implement the provisions of this act, which  
39 regulations may thereafter be amended by the director.

40

41       8. This act shall take effect on July 1, 2024.

42

43

44

#### STATEMENT

45

46       This bill would ensure greater tax fairness between the owners of  
47 gas powered vehicles and electric vehicles. Namely, the bill would  
48 establish an additional annual registration fee for electric vehicles,



1 provide for a reduction in the State tax on highway fuels under both  
2 the Petroleum Products Gross Receipts (PPGR) Tax and the Motor  
3 Fuels Tax, and require the Department of Transportation to study  
4 and make recommendations concerning the dedication of alternative  
5 sources of revenue to the Transportation Trust Fund (TTF).

6  
7 *Additional Annual Registration Fee for Electric Vehicles*

8 The bill first requires the Chief Administrator (chief  
9 administrator) of the New Jersey Motor Vehicle Commission to  
10 impose and collect an additional annual registration fee for each  
11 passenger and commercial electric vehicle in the State. Under the  
12 bill, the amount of the additional annual registration fee would be  
13 \$300 for each passenger electric vehicle and \$450 for each  
14 commercial electric vehicle during the fiscal years beginning on and  
15 after July 1, 2025. Notably, the bill requires all revenues derived  
16 from these additional registration fees to be collected by the chief  
17 administrator and remitted to the State Treasurer for deposit into the  
18 TTF.

19  
20 *Reduction of Highway Fuel Taxes*

21 Next, the bill would enact a 33 percent reduction in the taxes  
22 imposed on highway fuels under both the Motor Fuel Tax and the  
23 Petroleum Products Gross Receipts Tax (PPGRT), collectively  
24 referred to as the “gas tax,” beginning with State Fiscal Year 2025.  
25 The bill would also permanently extend the procedure by which the  
26 rate of tax imposed on highway fuels under the PPGRT is  
27 calculated. Currently, the Motor Fuel Tax is fixed at 10.5 cents for  
28 gasoline and 13.5 cents for diesel fuel, and the PPGR tax is set at  
29 31.8 cents for gasoline and 35.8 cents for diesel fuel.

30 The Motor Fuel Tax on gasoline would be lowered from 10.5  
31 cents to 7 cents per gallon, and the motor fuel tax on diesel would  
32 be lowered from 13.5 cents to 9 cents per gallon. The motor fuel  
33 tax on liquefied petroleum gas would likewise be lowered from 5.25  
34 cents per gallon to 3.5 cents given that the tax rate for these  
35 products are set at one-half of the tax imposed on gasoline.

36 Under current law, the tax rate imposed on highway fuels under  
37 the PPGRT is annually adjusted by the State Treasurer to ensure  
38 that the State realizes a statutorily prescribed revenue target. All  
39 revenues collected are deposited into the TTF to support  
40 transportation infrastructure projects and debt service on  
41 transportation bonds. This annual adjustment mechanism is  
42 currently set to expire at the conclusion of State Fiscal Year 2026.  
43 This bill would permanently extend this annual adjustment  
44 mechanism.

45 The bill also reduces the rate of tax imposed on highway fuels  
46 under the PPGRT by lowering the statutorily prescribed revenue  
47 target, also referred to as the “highway fuel cap amount,” by 33  
48 percent. The highway fuel cap amount is based on State Fiscal

1 Year 2016 sum of: (1) the taxes collected on the 12.48 percent and  
2 four cent tax rates for highway fuels taxes, (2) the amount derived  
3 from taxing the gallonage of highway fuel subject to the four cent  
4 motor fuel tax, and (3) the amount that would have been derived  
5 from taxing the gallonage of highway fuel subject to the motor fuel  
6 tax at a rate of 23 cents per gallon.

7 To ensure adequate funding for the TTF, the bill would require  
8 the State to annually appropriate from the General Fund such  
9 amounts as are necessary from the revenues collected under the  
10 “Sales and Use Tax Act,” P.L.1966, c.30 (C.54:32B-1 et seq.) into  
11 the TTF to support all debt service obligations of the Transportation  
12 Trust Fund Authority’s (TTFA) for the current year.

13

14 *Alternative Revenue Feasibility Study*

15 Finally, the bill requires the Department of Transportation  
16 (department), in consultation with the TTFA and the Office of  
17 Revenue and Economic Analysis in the Department of the Treasury,  
18 to study and make recommendations and a report concerning the  
19 dedication of alternative sources of revenue to the TTF. These  
20 revenues may be necessary to offset future revenue reductions from  
21 the Motor Fuels Tax (MFT) and the Petroleum Products Gross  
22 Receipts Tax (PPGRT) due to the decreased consumption of  
23 gasoline, diesel, and other highway fuels. The purpose of this study  
24 will be to identify one or more sources of revenue, other than the  
25 Motor Fuels Tax and the Petroleum Products Gross Receipts Tax,  
26 that may be relied upon to fund the TTF in future years.

27 At a minimum, the report would be required to: (1) analyze the  
28 feasibility of dedicating alternative sources of revenue to the TTF;  
29 and (2) make recommendations for the dedication of alternative  
30 sources of revenue, other than the MFT and the PPGRT, to the TTF.

31 No later than August 31, 2026, the department is required to  
32 submit the report to the Governor and the Legislature as well as  
33 publish an electronic copy of the report on the department’s official  
34 Internet website.