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October 12, 2016

TO: FMA Members
FROM: Eric DeGesero
RE: PGRT Update

As of this afternoon Governor Christie has not yet signed the PGRT increase.

FMA is working on a comprehensive memo but is still awaiting clarification on important details before we are comfortable sending it out. In the interim we are passing along this information. Feel free to share with your customers.

The tax increase is on the NJ Petroleum Products Gross Receipts Tax the "new" PGRT. It is computed at 12.85% on a price average and the beginning average is July 1, 2016. According to OPIS the average retail unleaded price of gasoline on that date was \$2.09 and diesel was \$2.19. Subtract out the 33 cents per gallon of state and federal tax on gasoline and the 42 cents per gallon on diesel and you \$1.76 and \$1.77 respectively. The official benchmark will be determined by the BPU.

The "old" PGRT of 4 cents per gallon on on-road fuel and the existing motor fuel taxes will remain in place.

The new NJ tax rate for **gasoline** will be as is below. We believe it will be effective November 1, 2016 but the date is not yet certain.

NJ Motor Fuels Tax	\$0.105
"Old" NJ PGRT	\$0.04
"New" NJ PGRT	\$0.23
TOTAL	\$0.375

There is no tax increase on **diesel** until January 1, 2017 (that date is set) and it will increase again on July 1, 2017 (that date is set). The diesel is delayed until January 1, 2017 and phased in at 70% on that date and 100% on July 1, 2017. Also on July 1, 2017 the "old" PGRT on diesel increases by 4 cents a gallon.

	11/1/2016-12/31/2016	1/1/2017-6/30/2017	7/1/2017
NJ Motor Fuels Tax	\$0.135	\$0.135	\$0.135
"Old" PGRT	\$0.04	\$0.04	\$0.08
"New" PGRT	-----	\$0.16	\$0.23
TOTAL	\$0.175	\$0.335	\$0.445

The PGRT on other petroleum product - such as **lube oil** - will be 7% up from 2.75%.

There will be a **floor stocks tax** on fuel held in inventory at the close of business on each of the respective dates of increase. A report will have to be filed. The floor tax will be due a few months later.

There is no "new" PGRT and the "old" PGRT on most off-road uses of diesel (farm equipment, most commercial fishing including party boats, construction equipment, generators, etc) and commercial heating oil **is repealed.**