

According to federal statistics, New Jersey has the least dependence on local taxation in its system of transportation finance of any state in the nation. It relies to a greater extent than most other states on toll revenue for highway finance, and is perhaps unique in having a single, statewide transit agency, rather than an assortment of locally-based service providers. Its major regional transportation investments, such as the new Hudson-Bergen Light Rail line, tend to be funded by state-backed bonds. Even here, however, there are some small ways in which local taxation can finance transportation investments. The state does authorize some local option taxes that could generate transportation revenue, but these are rarely used.

1. Fuel and Vehicle Taxes

New Jersey does not have a local option gas tax. Municipalities may adopt parking taxes up to 15% as a general revenue source, but it is not known which areas have adopted this tax. Atlantic City does have a state-imposed Casino Parking Tax, which is used to fund public infrastructure improvements in the city.¹ In 1998, this tax raised \$15.3 million.²

2. Property taxes and assessments

Cities may impose special assessments on properties benefiting from local road projects,³ but no centralized statistics are available on these revenues.

3. Sales and Other Taxes

New Jersey law allows certain municipalities to adopt local sales taxes to fund public transit and other programs.⁴ However, none of these appear to have been adopted; the state instead has several areas (including Salem County and designated enterprise zones) where the sales tax rate has been cut in half. Counties may not adopt local sales taxes.

Cities may also adopt payroll taxes up to 1%, for use as general revenues, but none has done so.⁵

¹ New Jersey Public Statutes § 40:48C-6; Public Laws 1993, Chapter 159.

² New Jersey Division of Taxation, "1999 Annual Report" (2000), p. 21.

³ New Jersey Public Statutes § 40:56-48.

⁴ New Jersey Public Statutes § 40:48-8.15.

⁵ New Jersey Public Statutes § 40:48C-15.

NEW JERSEY

Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Tax Name	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Sales	NJPS 40:48-8.15	Retail sales tax in fourth class cities	Qualifying municipalities	1947	Up to 9%	-	Public transit and other purposes (see 40:37A-54)	C
Income	NJPS 40:48C-15	Payroll Tax	Any municipality	1970	Up to 1%	Until 2004	General revenues	B
Property	NJPS 40:56-48	Benefit assessments for road projects	Any municipality		Any		Road improvements	B
Parking	NJPS 40:48C-6	Parking Tax	Any municipality	1970	Up to 15%	Until 2004	General revenues	B
	P.L. 1993 Ch. 159	Atlantic City Casino Parking Fee	Atlantic City	1993	\$2 per day	-	Public Improvements	A

A = State Law
 B = County/Local Law
 C = Popular Vote