



Policy Alert: NYC Congestion Pricing

Updated 26 February 2025

Action: On February 19, the US Department of Transportation’s (DoT) Federal Highway Administration (FHWA) [terminated approval](#) of the pilot for New York’s Central Business District Tolling Program (CBDTP) (commonly known as the “congestion charge”).

What it does: Transportation Secretary Sean Duffy’s [letter](#) to Governor Kathy Hochul rescinded a November 2024 agreement under the Value Pricing Pilot Program (VPPP). The letter effectively ends tolling authority for New York City’s cordon pricing plan, which [charges](#) passenger vehicles \$9 to access Manhattan below 60th Street during peak hours as part of an effort to ease congestion and raise money for the City’s public transit. (Small trucks and charter buses are charged \$14.40, and large trucks and tour buses are charged \$21.60.)

Key Insights

- The program was [announced](#) by Governor Hochul on November 14, 2024 with the goal of providing commuters with new and improved subway services, reducing congestion, investing in LIRR and Metro North, and expanding bus service to the outer boroughs.
- Launched on January 5, the program generated \$48.66 million, [according to](#) the Metropolitan Transit Authority (MTA). If it continues, the program is expected to generate \$500 million in net revenue this year. Through February 17, there were approximately [2.6 million](#) fewer vehicles in the congestion zone than might otherwise have been expected.

- Secretary Duffy's [letter](#) claims that a review of FHWA's approval found that the scope of the pilot project as approved "exceeds the authority authorized by Congress" under the pilot program. Further, in DoT's view, the [scope](#) of the CBDTP is unprecedented and provides no toll-free options to commuters, and the toll rate was set primarily to raise transit revenue rather than at an amount needed to reduce congestion.
- In response, MTA [filed a lawsuit](#) to permit the program to continue, arguing that the reversal was "arbitrary and capricious" because it did not cite a statutory basis to change the approval it had given after intensive review. During the litigation, the tolls will [remain](#) in place, but MTA would refund money to motorists if it loses the case.
- Days after the Administration revoked approval for the program, Governor Hochul [met with](#) President Trump to discuss key priorities for New York, including congestion pricing, immigration, infrastructure, and energy.
- On February 26, Governor Hochul spoke at the MTA board meeting proposing "[orderly resistance](#)" in the state's efforts to preserve the tolling program. "We're not done. We are in court. We have said that you may have asked for 'orderly cessation,' that was the phrase that came in the letter to us, 'orderly cessation.' I will propose something in the alternative: 'orderly resistance.' We will keep standing up for New Yorkers," Hochul said.
- In addition to the New York case, New Jersey's [case](#) against congestion pricing is currently on appeal to the Court of Appeals for the Third Circuit.

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