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News

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U.S. Department of Transportation Terminates Tolling Approval for New York City's Cordon Pricing Program

WASHINGTON – The U.S. Department of Transportation's Federal Highway Administration today terminated approval of the pilot for New York's Central Business District Tolling Program (CBDTP). In a letter to New York Governor Kathy Hochul, the Department rescinded a November 21, 2024 agreement signed under the Value Pricing Pilot Program (VPPP) that effectively ends tolling authority for New York City's cordon pricing plan, which imposes tolls on drivers entering Manhattan below 60th Street.

"New York State's congestion pricing plan is a slap in the face to working class Americans and small business owners," said U.S. Transportation Secretary Sean Duffy. "Commuters using the highway system to enter New York City have already financed the construction and improvement of these highways through the payment of gas taxes and other taxes. But now the toll program leaves drivers without any free highway alternative, and instead, takes more money from working people to pay for a transit system and not highways. It's backwards and unfair. The program also hurts small businesses in New York that rely on customers from New Jersey and Connecticut. Finally, it impedes the flow of commerce into New York by increasing costs for trucks, which in turn could make goods more expensive for consumer. Every American should be able to access New York City regardless of their economic means. It shouldn't be reserved for an elite few."

The construction of federal-aid highways as a toll-free highway system has long been fundamental to the Federal-aid highway program. Except for limited exceptions allowed by Congress, highways constructed with Federal-aid highway funds cannot be tolled. The construction of Federal-aid highways as a toll-free highway system has long been fundamental to the Federal-aid highway program. The VPPP is one of the exceptions to the general prohibition against tolling.

As detailed in the letter, the Secretary is terminating the pilot for two reasons. First, the scope of the CBDTP is unprecedented and provides no toll-free option for many drivers who want or need

to travel by vehicle in this major urbanized area. Second, the toll rate was set primarily to raise revenue for transit, rather than at an amount needed to reduce congestion. By doing so, the pilot runs contrary to the purpose of the VPPP, which is to impose tolls for congestion reduction – not transit revenue generation.

The Federal Highway Administration will work with the project sponsors on an orderly termination of the tolls.

You can view a full copy of the letter [here](#).