



**Metropolitan Transit Authority (MTA)**

**RE: Comment on MTA's Proposed Central Business District Tolling Program**

Dear Sir or Madam,

The American Consumer Institute Center for Citizen Research (ACI) submits these comments in response to Metropolitan Transit Authority's (MTA) proposed central business district tolling program.

The American Consumer Institute is a 501(c)(3) non-partisan, educational, and public policy research organization with the mission to identify, analyze, and protect the interests of consumers in selected legislative and rulemaking proceedings. As an organization focusing on consumer welfare, we are deeply concerned about a number of flaws in MTA's proposed Central Business District (CBD) tolling program and we respectfully submit these comments in the hope of allowing MTA to implement a more pro-consumer and pro-resident tolling program.

While we encourage attempts to reduce congestion, improve air quality, and invest in public transportation, we are deeply concerned that the proposal, without appropriate exemptions, could raise the cost of living for residents living below 60<sup>th</sup> Street and further increase the cost of ridesharing. While we are worried about the effects of a tolling program on residents and ridesharing, MTA can provide exemptions to ensure such a tolling program does not harm local residents or disincentivize ridesharing which has reduced congestion in New York.

**Background**

In 2019, the New York General Assembly and former Governor Andrew Cuomo approved a plan to charge motor vehicles entering New York's Central Business District.<sup>1</sup> When implemented, the plan would make New York the first city in the United States to impose a tolling program for a major metropolitan area, following London, Stockholm, and Singapore. The State of New York estimated that the implementation of a tolling program for New York City's CBD, defined as South of 60<sup>th</sup> Street, would generate "an estimated \$15 billion in new capital funding" that would be used to make critical investments in the city's public transit infrastructure.<sup>2</sup>

Despite delays by the COVID-19 pandemic, MTA has announced its intention to collect tolls starting at the end of 2023 or early 2024.<sup>3</sup>

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<sup>1</sup>Andrew M. Cuomo and Robert F. Mujica Jr., "FY 2020 Enacted Budget Financial Plan," *New York State Open Budget*. Available Online: <https://openbudget.ny.gov/historicalFP/fy20/en/fy20fp-en.pdf>.

<sup>2</sup> Ibid.

<sup>3</sup> Marcia Kramer, "MTA says controversial congestion pricing plan will be rolled out in 2023 or early 2024," CBS New York, July 28, 2022. Available Online: <https://www.cbsnews.com/newyork/news/mta-congestion-pricing-manhattan-2023-early-2024/>.

Studies have consistently shown the success of implementing a CBD Tolling Program, colloquially known as a *congestion charge*. In 2016, for example, The Center for Public Impact found that three years after London introduced its congestion charge, congestion was cut by 26 percent, and greenhouse gas emissions were cut by 16 percent.<sup>4</sup> When Singapore introduced its congestion charge, formally known as the Area Licensing Scheme (ALS), in 1975, Singapore saw a 44 percent reduction in cars entering the covered zone.<sup>5</sup> The City-State also noted a significant decline in CO emissions and other greenhouse gasses.<sup>6</sup> Stockholm had a similar experience, seeing traffic reduced by around 30-50% and greenhouse gas emissions cut by 10-15 percent.<sup>7</sup>

The examples of London, Singapore, and Stockholm provide clear evidence that a congestion charge in New York's CBD could significantly cut traffic and greenhouse gas emissions.

### **Exemptions or Discounts for Residents to Protect Consumer Welfare**

One of the principal flaws in New York's CBD tolling proposal is that it will not provide an exemption or discount to residents who live below 60<sup>th</sup> Street. Instead, those earning under \$60,000 will be eligible for a refundable tax credit.<sup>8</sup> While this tax credit will help Manhattan's poorest, the borough has an average weekly wage of \$3,967, or \$206,284 per year.<sup>9</sup> Unfortunately, setting the threshold at just \$60,000, just 30 percent of the average income for the area, will mean most residents will be forced to pay the congestion fee every time they wish to use their vehicles, further inflating the cost of living in one of the most expensive areas of the country.

Instead of forcing residents who earn over \$60,000 to pay every time they wish to use their vehicle, we would encourage the MTA to either raise the threshold that residents are eligible to receive the tax credit, provide a discount for residents, or a complete exemption from paying the charge. Restructuring the tolling program in this way would ensure that residents are not unfairly penalized for simply living below 60<sup>th</sup> Street.

To prevent a tolling program from unduly penalizing residents, London offers those who live within its congestion charge zone a 90 percent discount.<sup>10</sup> Such a substantial discount means that

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<sup>4</sup> Center for Public Impact, "London's Congestion Charge," April 15, 2016.

<sup>5</sup> U.S. Department of Transportation, "Tolling and Pricing Program," Available Online: <https://ops.fhwa.dot.gov/publications/fhwahop08047/02summ.htm>.

<sup>6</sup> Ibid.

<sup>7</sup> Jonas Eliasson, "The Stockholm Congestion Charges: An Overview," Center for Transport Studies, CTS Working Paper 2014:7. Available Online: <https://www.transportportal.se/swopec/CTS2014-7.pdf>.

<sup>8</sup> Andrew M. Cuomo and Robert F. Mujica Jr., "FY 2020 Enacted Budget Financial Plan," *New York State Open Budget*. Available Online: <https://openbudget.ny.gov/historicalFP/fy20/en/fy20fp-en.pdf>.

<sup>9</sup> New York-New Jersey Information Office, "Employment and Wages in New York City- First Quarter 2021," Bureau of Labor Statistics. Available Online: [https://www.bls.gov/regions/new-york-new-jersey/news-release/countyemploymentandwages\\_newyorkcity.htm#:~:text=Manhattan's%20average%20weekly%20wage%20of,\(See%20chart%203.\)](https://www.bls.gov/regions/new-york-new-jersey/news-release/countyemploymentandwages_newyorkcity.htm#:~:text=Manhattan's%20average%20weekly%20wage%20of,(See%20chart%203.))

<sup>10</sup> Transport for London, "Residents' Discount." Available Online: <https://tfl.gov.uk/modes/driving/cc-resident-discount-before-you-begin-29632>.

while the cost of making trips by car is more expensive, it does not make it unaffordable for residents to use their personal vehicles.

### **Exemptions or Discounts for Rideshare Drivers**

Another flawed aspect of MTA's proposed CBD tolling program is its failure to provide exemptions for New York's 80,000 rideshare drivers. Research by academics at Arizona State University, the University of Connecticut, the University of Miami, and Arizona State University found that in "sprawling Urban areas," ridesharing services like Uber and Lyft "decrease traffic congestion."<sup>11</sup> Secondly, New York is widely regarded as having the most expensive Uber trips, costing an average of \$34.74 for a 10 km trip.<sup>12</sup> In Boston, for example, it only costs \$21.63 for a 10 km trip, and in Philadelphia, it is only \$19.75 for a comparable trip. As noted by *NetCredit*, it can "be cheaper to take an Uber helicopter to the airport than to wait for an UberX."<sup>13</sup>

Failing to provide an exemption of a discount to rideshare drivers would only further inflate the cost of Uber or Lyft, making it more expensive and harder for consumers, especially lower-income New Yorkers, to access the convenience offered by these services. Not providing an exemption to rideshare drivers is especially concerning, given their ability to reduce congestion.

### **Conclusion**

The American Consumer Institute applauds MTA's attempts to reduce congestion in New York City. As past studies have suggested, congestion costs New York \$13 billion annually, a sum that could be unleashed if MTA is able to solve the city's traffic crisis.<sup>14</sup> While we support the transit authorities' efforts, we would ask that it also implement an exemption or discount program for residents and rideshare drivers. Local residents should not be penalized for wanting to use a private vehicle, and the current tax credit would cover too few people. Additionally, by failing to provide a discount or an exemption for rideshare drivers, MTA would make these services even more unaffordable for New Yorkers and disincentivize a service that has already reduced congestion in the city.

Respectfully,

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Director of Policy and Research  
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<sup>11</sup> Ziru Li, Chen Liang, Yili Hong, Zhongju Zhan, "How Do On-demand Ridesharing Services Affect Traffic Congestion? The Moderating Role of Urban Compactness," SSRN, June 15, 2021. Available Online: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=28380434](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=28380434).

<sup>12</sup> Matt Pelkey, "Uber Xpensive," *NetCredit* July 6, 2022. Available Online: <https://www.netcredit.com/blog/cost-uber-around-world/>.

<sup>13</sup> Ibid.

<sup>14</sup> Dennis Bruce, "Economic Costs of Congestion Study," *HDR*. Available Online: <https://www.hdrinc.com/portfolio/economic-costs-of-congestion-study#:~:text=We%20identified%20more%20than%20%2413,direct%20result%20of%20traffic%20congestion.>