CLIMATE CABINET EDUCATION

Transportation 101: Congestion Pricing

Traffic congestion is a major challenge in U.S. cities. It inhibits a safe and well-functioning transportation system for all roadway users whether or not they're in a car. Parents and kids get locked in a bumper-to-bumper standstill just going to school and practice. After a full day of work, commuters have to navigate through gridlock instead of being able to spend more time with their families. Traffic slows down the movement of people and goods, and it wastes billions of dollars annually in lost time and fuel. Too many cars on the roads deteriorates them faster and diminishes the effectiveness of alternatives that save time, money, and infrastructure resources.

Congestion pricing is one of several policy tools that policymakers can adopt to help vehicles access busy areas, reduce time people spend stuck in traffic, boost retail sales and livability while cutting dangerous air pollution in existing dense areas, increase transit use, and make routes safer for people with disabilities, elders, and children.

WHAT IS CONGESTION PRICING? AND HOW DOES IT WORK?

- Congestion pricing manages vehicle traffic by charging tolls. It is used to:
    - Reduce traffic to make driving more predictable, efficient, and reliable.
    - Improve traffic flow for emergency services, commercial and delivery vehicles, and transit.
    - Improve air quality and achieve climate goals.
    - Provide valuable revenue to support transportation infrastructure as EV use increases, lowering fuel tax proceeds.
- Cordon pricing is a specific type of congestion pricing that tolls drivers to enter designated zones, akin to bridge tolls that exist today in many cities.
    - Cordon pricing systems generally only charge drivers to enter the urban core (i.e., Central Business District, downtown) in cities where the policy is deployed. They may also employ dynamic pricing to waive tolls during times when traffic tends to be minimal.
    - Toll charges to enter congestion reduction zones are paid using electronic tags, cameras, and/or stickers. Charges may be per entry or paid using a pass.
    - These systems can be easily integrated into existing tolling infrastructure, such as the I-Pass or E-ZPass.
- Congestion pricing reduces traffic; improves mobility for transit riders, people who use mobility devices or wheelchairs and other pedestrians, and cyclists; and reduces pollution.
    - According to the FHWA, congestion pricing is popular where it has been implemented, *including with drivers*, who "experience more reliable trip time[s]."
    - The impacts of congestion pricing are often immediately visible and sustained in the long-term. New York City saw congestion drop in the first month of its program.
    - Cordon pricing improves air quality in urban centers as demonstrated by London.

CAN CONGESTION PRICING BE IMPLEMENTED IN THE U.S.?

- Yes, congestion pricing was launched in New York City in January 2025. Several cities have explored it and it is an increasingly popular idea that cities are considering.
- Congestion pricing has also been implemented globally in a diverse range of cities.
- While the Trump administration has sought to stop New York City's program, it is not clear that they have authority to do so. This is an evolving issue, and local and state governments should still plan for future programs exercising their jurisdictional authority to manage their infrastructure.
- The Eno Center for Transportation has a comprehensive policy guideline, published in 2020.

Congestion Pricing Case Studies

Several cities have implemented congestion pricing using the cordon pricing method. Most cities use cordon pricing to manage congestion. Others have begun using cordon pricing to achieve more explicit environmental aims. Case studies from around the world provide useful lessons to inform the design and implementation of new cordon pricing programs.

London, UK

London manages one of the most well-known cordon pricing systems in the world. It has had a high level of success reducing congestion in the region's urban core. Tolls are charged using cameras that read tags indicating a vehicle is registered with the system. License plates are read for unregistered vehicles. London's system has been widely studied as a model for new systems, including in the U.S.

London's extensive and growing rapid transit system enabled the city to establish a large congestion pricing cordon. The city's congestion pricing system also levies tolls based on a vehicle's emissions standards. As a result London has also experienced a drop in nitrogen oxide emissions and in particulate matter emissions. Thus, congestion pricing can reduce both tail pipe pollution and non-tail pipe pollution. Milan, Italy has taken this a step further and only charges drivers who enter the urban core based on their vehicle's emissions standards and size.

New York City

New York City's congestion pricing program called the "Congestion Relief Zone" was launched in January 2025 and is a first-of-its-kind cordon pricing system in the U.S. The Congestion Relief Zone charges drivers to use vehicles in Midtown and Lower Manhattan. The system's design built on best practices and lessons learned in other cities. Congestion pricing in New York City is being used to reduce congestion to improve bus and commercial vehicle operations and traffic safety. The revenue funds transit capital projects, like ADA compliance measures.

The system was immediately successful, with reports from several news sources noting a reduction in congestion and improved traffic conditions in the first month the congestion charge was in place.