



THE CITY OF NEW YORK INDEPENDENT BUDGET OFFICE

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IBO Analysis: Exempting Yellow Taxis from Congestion Pricing, How Much Would it Cost?

February 26, 2024 – The Metropolitan Transportation Authority’s (MTA) Central Business District Tolling Program (CBDTP), otherwise known as congestion pricing, continues to be a topic of ongoing debate in New York City.

To inform New Yorkers and elected officials interested in the program, the New York City Independent Budget Office (IBO) has completed an analysis examining the exemption of yellow taxis from the proposed congestion pricing surcharge of \$1.25.

IBO’s analysis can be found [here](#).

Main takeaways from the report:

- A yellow taxi exemption would cost the MTA \$35 million per year in foregone surcharge revenues.
- IBO’s estimate assumes the surcharge toll will lower demand for taxi trips by 1 percent.
- The size and impact of the exemption on the MTA’s \$15 billion financing target could influence the MTA’s proposed tolling structure. IBO’s report explores two scenarios: (1) the MTA can absorb the \$35 million shortfall or (2) raise tolls equally across all non-exempt drivers to close the revenue gap.
- Taxi and Limousine Commission trip data indicates that in October 2023, total yellow taxi trips entering, exiting, or within the Central Business District were at 49 percent of pre-pandemic levels, while high volume for-hire vehicles such as Uber and Lyft trips were at 88 percent of pre-pandemic levels.

New York City Independent Budget Office

The New York City Independent Budget Office (IBO) is authorized under the New York City Charter to provide nonpartisan budgetary, economic, and policy analysis for the residents of New York City and their elected officials. IBO helps to increase New Yorkers’ understanding of and participation in the budget process.

