

Governor Phil Murphy

# Governor Murphy Announces Filing of Lawsuit to Block New York's Proposed Congestion Tolling Program

07/21/2023

*Signs Bipartisan Legislation to Confront the Unjust Taxation of New Jerseyans by Other States*

**FORT LEE** – Governor Phil Murphy today announced the filing of a lawsuit against the U.S. Department of Transportation (USDOT) and the Federal Highway Administration (FHWA) to block the ill-conceived congestion pricing plan put forward by the Metropolitan Transportation Authority (MTA) and New York City and State agencies. In the suit, filed in the U.S. District Court for the District of New Jersey, the State of New Jersey argues that the USDOT and the FHWA violated the National Environmental Protection Act, which requires a full environmental impact review for projects of this projected impact and scope, as well as the Clean Air Act.

Since New York and the MTA first revealed their proposed congestion pricing scheme, Governor Murphy has remained a staunch advocate for the New Jersey commuters, transportation agencies, businesses, and residents who would suffer as a result of this unreasonable and unprecedented proposal. In June, the Murphy Administration announced that it had retained Randy Mastro and Craig Carpenito of King & Spalding to explore all of its legal options.

As part of the Murphy Administration's comprehensive efforts to combat the unfair taxation and discriminatory treatment of New Jerseyans, Governor Murphy also signed S3128/A4694, which will help ensure New Jersey taxpayer dollars stay in our state and go toward programs and services that benefit New Jerseyans. The bill will bring our tax code in line with New York's and allows New Jersey to tax remote employees who live out of state but work at New Jersey companies – if that state has a similar tax rule.

Additionally, the legislation provides tax credits for New Jersey residents who dispute aggressive tax policies imposed on them by other states. If New Jerseyans take this issue up with another state's tax authority and receive a tax refund for work they did in New Jersey, the State of New Jersey will provide a tax credit. Furthermore, this bill creates a \$35 million grant program to encourage companies that primarily operate outside the state to properly assign their employees that live in New Jersey and to open offices here. This will help ensure that when workers pay taxes, the correct jurisdiction receives those tax dollars.

"After refusing to conduct a full environmental review of the MTA's poorly designed tolling program, the FHWA has unlawfully fast-tracked the agency's attempt to line its own coffers at the expense of New Jersey families," **said Governor Murphy**. "The costs of standing idly by while the MTA uses New Jersey residents to help balance its budget sheets are more than economic. At the MTA's own admission, its tolling program would divert traffic and shift pollution to many vulnerable New Jersey communities, impacting air quality while offering nothing to mitigate such considerable harm. Today we stand as a unified front against this reckless scheme and reaffirm our commitment to combat the unjust taxation of our hardworking residents by other states."

"As the senior senator of New Jersey, I have made it abundantly clear that it's unacceptable for New York to try balancing its budget on the backs of New Jersey commuters. Their proposed congestion tax scheme is nothing more than a shakedown and must be defeated," **said Senator Bob Menendez**. "Today, I am proud to stand with Governor Murphy, as well as other federal, state, and local leaders, as his administration takes legal actions to protect New Jerseyans who travel into New York every day for work."

"Today's a huge day in the fight against New York's commuter crushing \$23/day Congestion Tax. If the MTA gets its way, trucks will be backed up here in North Jersey, billowing cancer-causing pollution into the lungs of our children. I want to thank our Governor for punching back at a state that decided to use Jersey as their piggy bank to solve their years of criminal mismanagement at the MTA," **said Congressman Josh Gottheimer**. "I don't know how the MTA Chairman looks at himself in the mirror. He should come to Fort Lee and look Mayor Sokolich in the eye and tell him why it's okay to give cancer to the children here. I've been speaking with mayors from North Jersey in my district – and my bet is he can expect even more lawsuits. We just don't take a punch in Jersey, we punch back."

"The Garden State is not New York's piggy bank. We are not the MTA's ATM," **said Congressman Bill Pascrell**. "New Jersey has been our region's pack mule for a long time. Enough is enough. Governor Murphy's leadership is indispensable. New Jersey's state and federal leaders are united in telling New York their scheme is more garbage than the old Staten Island landfill. I look forward to using every legal tool to give Garden Staters a fair shake."

"The bill Governor Murphy is signing today will help thousands of New Jerseyans seek some relief when it comes to work that's done right here in our state. New Jersey's relationship with New York has been long, fruitful, and mostly friendly," **said Assembly Speaker Craig J. Coughlin**. "Unfortunately, over the last few years there has been an imbalance. From ill-conceived tax grabs to congestion pricing, our friends across the river are taking advantage of us. State government will stand shoulder to shoulder with local leaders and our congressional delegation on this."

"New York state's 'convenience of the employer' rule is an onerous initiative – similar to the congestion pricing mandate – that unfairly targets New Jersey and its people and uses their tax dollars to help prop up New York's programs, operations and infrastructure. This law is our way of punching back, Jersey-style. It helps level the playing field and provides employee equity, while also bringing more convenience and job opportunities to New Jersey residents," **said Senator Joe Lagana**.

"I am pleased that Governor Murphy signed this bill to turn the tables in the fight against New York State's harsh treatment of New Jersey taxpayers," **said Senator Jon Bramnick**. "For too long, out-of-state politicians have taken advantage of employees who live here but work across state lines. This law is a much needed first step to end the current tax imbalance and put money back into the pockets of our residents."

"This new law gives New Jersey workers the tools to fight back against New York City's shameful congestion tax scheme. Our residents are being unfairly targeted, and this bill provides commuters with relief from burdensome New York taxes and congestion fees," **said Assemblyman Chris Tully**. "This effort will also offer employers incentives to tap into New Jersey's talented workforce, relocate, invest and grow their companies in our communities."

"Our neighboring state, New York, has implemented a policy that creates a significant burden for New Jersey residents working for New York companies. It's double taxation, and it's not fair to New Jersey families. On top of that, New York's proposed congestion pricing plan would cost daily commuters thousands of dollars a year just to get to work," **said Assemblywoman Lisa Swain**. "This is unacceptable, and we need to level the playing field. With this law, we are fighting back."

"With this law, we can offer relief to New Jersey residents who owe taxes to two states each year, and we can prevent crucial tax revenue from being redirected to other states like New York," **said Assemblyman Benjie Wimberly**. "This is money that could be spent investing in our communities, advancing our state's infrastructure, and making New Jersey a better place to live for our residents."

"The New Jersey Chamber of Commerce has been consistent in its long-time opposition to New York City's congestion pricing plan – and we appreciate efforts by Gov. Phil Murphy, U.S. Senator Bob Menendez, U.S. Rep. Josh Gottheimer and the state legislature to come to the aid of New Jersey commuters and residents who will be negatively impacted at a time of high inflation and other rising costs," **said Tom Bracken, President & CEO, New Jersey Chamber of Commerce**. "Congestion pricing also unfairly hurts New Jersey's economy, especially small businesses, by taking money out of the hands of our hardworking residents that could otherwise be spent on goods and services here in the Garden State. The Chamber supports today's bill signing because after years of unfair tax treatment towards New Jersey commuters, the state is recognizing the need to end the current tax imbalance by treating New York commuters who work in the Garden State similarly. Finally, we support NJEDA's pilot program to incentivize New York businesses to assign New Jersey resident employees to locations within our state."



"NJBIA thanks Governor Murphy, the sponsors, and supporters of this bill for attempting to bring much-needed tax fairness between New Jersey and New York," **said NJBIA President & CEO Michele Siekerka**. "As remote work arrangements have increased greatly since the pandemic, it is simply unfair for New York to be claiming income taxes from New Jersey-based workers. New Jersey should be seeing that money for its own fiscal benefit, especially considering there are a number of employees who have not commuted to New York for work for a span of years now. NJBIA agrees with the convenience of the employer test provision of this new law, which allows New Jersey to assess income taxes on non-New Jersey residents who are physically working in the Garden State, just as New York and other states have practiced. We also hope businesses take advantage of the pilot grant program to move their New Jersey employees to New Jersey work locations. The more people we have who live, work and play in our great state, the better for our economy. Lastly, we look forward to the incentives in this bill leading to court action which may be the only way to permanently and comprehensively correct this tax inequity."

"New York's Congestion Tax will prove one thing: it's better to do business in New Jersey. It not only taxes hardworking New Jerseyans who commute to Manhattan, New Jersey's businesses that serve Manhattan will face enormous cost increases when delivering goods and services that New York City relies on," **said Jim Kirkos, President and CEO of the Meadowlands Chamber of Commerce**. "At a time when New York should be thinking about incentives to return to the city, they are doing the opposite. So, we have a message for them: New Jersey is open for business."

For a copy of today's complaint, please click here

([https://urldefense.com/v3/\\_https://t.e2ma.net/click/fdlbsj/nrddit/z8im24\\_!!J30X0ZrnC1oQtbA!0FpN6JWYavgWbT07cdRcle1179iIS9k0L4\\_Y\\_qJ0VjqNAPaRCcR9v7TXmh4otw](https://urldefense.com/v3/_https://t.e2ma.net/click/fdlbsj/nrddit/z8im24_!!J30X0ZrnC1oQtbA!0FpN6JWYavgWbT07cdRcle1179iIS9k0L4_Y_qJ0VjqNAPaRCcR9v7TXmh4otw))

## Governor Phil Murphy

[Home \(/governor/\)](#)

### Administration

[Governor Phil Murphy \(/governor/admin/about\)](#)

[Lt. Governor Sheila Oliver \(/governor/admin/lt\)](#)

[First Lady Tammy Snyder Murphy \(/governor/admin/fl\)](#)

[Senior Staff \(/governor/admin/staff\)](#)

[Cabinet \(/governor/admin/cabinet\)](#)

[Office of Climate Action and the Green Economy \(/governor/climateaction/\)](#)

[Office of Equity \(/governor/admin/equity/\)](#)

[Office of Health Care Affordability and Transparency \(/governor/admin/affordablehealthcare/index.shtml\)](#)

[Boards, Commissions & Authorities \(/governor/admin/bca\)](#)

[New Jersey Puerto Rico Commission \(<https://www.nj.gov/puertoricocommission/>\)](#)

[Internship Opportunities \(/governor/admin/internship.shtml\)](#)

[Governor's Fellows Program \(/governor/admin/fellows\)](#)

[Governor's Residence - Drumthwacket \(<http://drumthwacket.org/>\)](#)

### Key Initiatives

[Economy & Jobs \(/governor/initiatives/#Economy\)](#)

[Education \(/governor/initiatives/#Education\)](#)

[Environment \(/governor/initiatives/#Environment\)](#)

[Health \(/governor/initiatives/#Health\)](#)

[Law & Justice \(/governor/initiatives/#Justice\)](#)

[Transportation \(/governor/initiatives/#Transportation\)](#)

### News & Events

[Press Releases \(/governor/news/news/562023/approved/news\\_archive.shtml\)](#)

[Photos \(<https://www.flickr.com/photos/govmurphy>\)](#)

[Public Addresses \(/governor/news/addresses\)](#)

[Executive Orders \(/infobank/eo/056murphy/approved/eo\\_archive.html\)](#)

[Administrative Orders \(/governor/news/ao/approved/ao\\_archive.shtml\)](#)

[Direct Appointments \(/governor/news/appointments\)](#)

[Advice and Consent Appointments \(/governor/news/acappointments\)](#)

[Statements on Legislation \(/governor/news/statements/approved/statements\\_archive.shtml\)](#)

[Administration Reports \(/governor/news/adminreports/approved/archive.shtml\)](#)

[Transition Reports \(/governor/news/reports/approved/reports\\_archive.shtml\)](#)

[Press Kits \(/governor/news/press\)](#)

### Social

[Facebook \(<https://www.facebook.com/governorphilmurphy/>\)](#)

[Twitter \(<https://twitter.com/GovMurphy>\)](#)

[Instagram \(<https://www.instagram.com/govmurphy/>\)](#)

Snapchat (<https://www.snapchat.com/add/philmurphy>)

YouTube (<https://www.youtube.com/njgovernorsoffice>)

## Contact Us

Scheduling Requests (</governor/contact/scheduling/>)

Contact Us (</governor/contact/all/>)

## Statewide

[NJ Home \(/www.nj.gov\)](http://www.nj.gov)

[Services A to Z \(/www.nj.gov/nj/gov/njgov/alphaserv.html\)](http://www.nj.gov/nj/gov/njgov/alphaserv.html)

[Departments/Agencies \(/www.nj.gov/nj/gov/deptserv/\)](http://www.nj.gov/nj/gov/deptserv/)

[FAQs \(/www.nj.gov/faqs/\)](http://www.nj.gov/faqs/)

[Contact Us \(/www.nj.gov/nj/feedback.html\)](http://www.nj.gov/nj/feedback.html)

[Privacy Notice \(/www.nj.gov/nj/privacy.html\)](http://www.nj.gov/nj/privacy.html)

[Legal Statement & Disclaimers \(/www.nj.gov/nj/legal.html\)](http://www.nj.gov/nj/legal.html)

[Accessibility Statement \(/www.nj.gov/nj/accessibility.html\)](http://www.nj.gov/nj/accessibility.html)

[\(/nj.gov/opra/\)](http://nj.gov/opra/)

<https://my.state.nj.us/openam/UI/Login>

<https://tech.nj.gov/>

Copyright © State of New Jersey, 1996-2023  
Office of Governor PO Box 001  
Trenton, NJ 08625  
609-292-6000