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REVIEW OF FINANCIAL AND OPERATING CONDITIONS IN MOTORBUS INDUSTRY IN THE STATE OF NEW YORK

Prepared For

GOVERNOR'S SPECIAL OMNIBUS COMMISSION

By

NEW YORK STATE MOTORBUS ASSOCIATION

PARTS I to VII

November 18, 1953

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I. THE MOTORBUS INDUSTRY

Like the telephone, electric and gas utilities, the motorbus industry still is considered in some quarters as a large and stable public, utility. By legislative standards, it is a public utility--a regulated monopoly--and, therefore, subject to the jurisdiction of state and municipal regulatory authority. But there its identity with other utilities ends. In reality, transit is neither a stable utility nor a monopoly in the ordinary acceptance of the terms.

Today, the motorbus industry in New York is essentially small business. There are 254 certificated motorbus companies operating throughout the State. But the dollar volume of all of them is only about one-fourth of that of one electric utility--Consolidated Edison Company of New York.

A substantial majority of the motorbus systems throughout the State are owned and managed by small operators. As shown by Table I, 44% of the companies have five or less buses. Another 41% of the industry operates between 6 and 25 vehicles. These 211 companies, constituting 85% of the industry, handle an annual dollar volume of less than $250,000 each. In contrast, there are only 6 motorbus systems in the State with annual dollar volume exceeding $5,000,000.

Notwithstanding its relative size, the motorbus industry provides an essential service. "Good mass transportation makes the centralized big city possible, and good mass transportation is essential to preserve it" say the editors of Time - Life - Fortune - Architectural Forum. Last year, the privately-owned motorbus industry in New York State transported an average of 3,500,000 passengers daily.

Table I

DISTRIBUTION OF MOTORBUS OPERATORS IN NEW YORK STATE

ACCORDING TO NUMBER OF BUSES

Number of Buses	Number of Companies With Specified Number of Buses	Cumulative Percent of Companies
5 or less	110	44.2%
6 to 10	45	62.2
11 to 15	26	72.7
16 to 20	21	81.1
21 to 25	9	84.7
26 to 30	7	87.6
31 to 40	3	88.8
41 to 50	4	90.4
51 to 74	3	91.7
75 to 100	7	94.4
101 to 125	4	96
over 125	10	100
Total	249(a)	

(a) Excluding five companies for which number of buses is not reported.

Source: New York State Motorbus Association, Inc.

II. THE INDUSTRY'S PROBLEM

The local transit industry is in a depressed state, not only in New York but throughout the nation. In the six-year period from 1946 to 1952, passenger traffic carried by the industry fell from 23-1/3 billion to 15 billion, a drop of more than 35%. Meanwhile, operating expenses have been rising. In the period since 1946, payroll cost--by far the largest cost element in this industry--has risen by more than 25%, despite a contraction in employment. Operating revenues, on the other hand, have risen by only 7½% during the same period. The net result has been a general decline in operating income in the industry and serious financial difficulty for many companies.

During the postwar period, the only reported instances of bankruptcies, receiverships and business failures among utilities have been in the transit industry. In New York, the largest privately-owned system in the State, the Third Avenue Transit System, was forced into bankruptcy in 1949. Similarly, in 1950, Schenectady Railway Company was placed in bankruptcy; this system was forced to cease operations and liquidate its assets two years later. According to the Annual Report of the New York Public Service Commission, 15 bus operations carried on by companies or individuals in various parts of New York State went out of business in 1951 and 1952.

Factors Underlying the Fall in Traffic Volume

The principal reasons for the continuing loss of passenger traffic are the following:

(a) Greater number and wider use of private cars;

(b) New and improved road facilities;

(c) Suburbanization, the outward movement of residential population and shopping centers from central districts to outlying areas;

(d) Five-day workweek, television and other factors.

These factors are interrelated to a considerable degree. Greater use of automobiles in recent years is partly the result of the increasing suburbanization of metropolitan areas. The larger number of cars on the road has created pressure for improved highways which, in turn, has encouraged wider use of automobiles. The exodus to the suburban residential areas has been possible only with wider availability of automobiles and better roads.

With the dispersal of population from congested areas to the suburbs, the use of electric, gas and other utility services has increased substantially, due to the greater number of appliances added to the home. In contrast, the use of bus service in suburban sections is only a fraction of the usage made in congested city areas. Furthermore, this movement has in many instances compelled the provision of transit services in areas which do not generate enough traffic to pay for the services provided.

As shown on Table II, there were nearly 3½ million passenger cars registered in New York State in 1952. This represents an increase of 54% in the number of cars on the streets and highways since 1946.

The rise in automobile registration, and the consequent decline in transit passenger traffic, during the postwar period for two upstate cities, Albany and Syracuse, are shown on Table III. In Albany, there was an increase in the number of automobiles registered of 41.4% between 1946 and 1952, with a decline in riding of 31.5% at United Traction Company, the principal motorbus operation in that area. Similarly, in Syracuse, the number of automobile registrations

Table II

PASSENGER CAR REGISTRATIONS IN NEW YORK STATE

1946 - 1952

Year	Number of Passenger Cars Registered	Percent Increase Over 1946 Level
1946	2,268,932	-
1947	2,491,909	9.83%
1948	2,733,613	20.48
1949	2,956,798	30.32
1950	3,253,256	43.38
1951	3,438,237	51.54
1952	3,494,828	54.03

Source: U. S. Bureau of Public Roads.

Table III

PASSENGER CAR REGISTRATION IN RELATION

TO TRANSIT PASSENGER TRAFFIC IN POSTWAR PERIOD

In Albany (a)	Auto Registrations in Albany and Rensselaer Counties		United Traction Company Passenger Traffic	
	Number	Percent Increase Over 1946	Thousands of Passengers	Percent Change From 1946
1946	72,270	-	49,697	-
1947	76,889	≠ 6.4%	49,703	≠ 0.01%
1948	84,214	16.5≠	48,920	-1.8
1949	85,811	18.7≠	45,203	-9
1950	93,839	29.8≠	41,896	-15.7
1951	97,218	34.5≠	37,766	-24
1952	102,177	41.4≠	34,057	-31.5

In Syracuse (b)	Auto Registrations in Onondaga County		Syracuse Transit Corporation Passenger Traffic	
	Number	Percent Increase Over 1947	Thousands of Passengers	Percent Change From 1947
1947	76,884	-	48,696	-
1948	82,690	≠ 7.5%	47,243	-3.0%
1949	87,605	14≠	42,400	-12.9
1950	94,974	23.6≠	39,597	-18.7
1951	100,013	30≠	37,991	-22
1952	102,283	33≠	36,315	-25.4

Sources:
(a) Company Exhibit C-4, 1953 Labor Arbitration.
(b) Company Exhibit 99, 1953 Labor Arbitration.

in Onondaga County rose 33% between 1947 and 1952, while the drop in riding on the lines of Syracuse Transit Corporation amounted to 25.4% over the same period. The same general situation has prevailed not only in other cities throughout New York State, but in the rest of the nation as well.

The impact of automobile competition has been accentuated by the war-born practice of ride sharing, or the so-called "car pool". During the war years, industrial workers in war plants and elsewhere developed the habit of riding together in groups to and from work; this practice has continued in the postwar years.

The number of automobiles used in communities throughout New York has increased in recent years to the point where there is now one car for every four to five persons in all cities, except New York City. In other words, the number of vehicles in present usage is sufficient to transport the entire urban population of the State, including every man, woman and child, at one and the same time without any dependence upon bus service whatever.

Operating Expenses

In general, the operating expenses of motorbus companies may be subdivided in proportion to dollar revenue as follows:

Labor (costs)	55 - 60%
Materials, supplies and services purchased	16 - 20%
Insurance and safety	4 - 7%
Depreciation of equipment	7 - 9%
Operating taxes	5 - 6%
Income taxes	0 - 5%
Debt service, dividends and reserve	0 - 6%

By far, the largest single item of expense for motorbus companies is labor cost. In the prewar period, as well as during World War II, the payroll costs for transit companies were generally maintained at a level below 50% of operating revenue. With the progressive rounds of wage increases in recent years, however, the labor costs of most transit systems have risen to nearly 60% of operating revenue, and more than that proportion in some instances. The trend of payroll costs for the whole industry and for one of the larger upstate operations, Rochester Transit Corporation, is shown on Table IV. This information, based upon testimony presented to a fact-finding panel appointed by Governor Thomas E. Dewey following the strike at Rochester Transit last year, is reasonably typical of the situation at most other transit systems.

The labor costs of motorbus companies are well above those of virtually all other industries. Table V is a listing of the labor costs of some of the principal industrial concerns in the nation for the year 1952, as reported by Standard and Poor's Corporation. According to the National City Bank of New York, the 100 largest corporations in the nation have a total wage and salary expense amounting to 24¢ per revenue dollar. It may readily be seen, therefore, that the labor costs of the typical motorbus company are nearly 2½ times those of the average industrial concern.

In general, the same difference in proportionate labor expense exists between transit and other utilities. For example, total wages and salaries of Consolidated Edison Company of New York amounted to less than 30% of total revenue in 1952, whereas the labor expense for bus companies in the same city was nearly twice that proportion.

ROCHESTER TRANSIT CORPORATION

Table IV

TREND OF PAYROLL COSTS

Rochester Transit Corporation

and

U. S. Transit Industry

	Payroll as Per Cent Operating Revenue	
Year	Transit Industry(a)	Rochester Transit
1940	48.8%	46.8%
1941	48.2	45.6
1942	44.4	43.2
1943	42.8	42.4
1944	44	44
1945	45.8	47.1
1946	51	51.4
1947	56.8	56.7
1948	55.7	58.3
1949	56.4	59.3
1950	57.5	56.8
1951	59.2	56.7

(a) Source: American Transit Association, "Transit Fact Book", 1951. Data for 1951 not yet available.

Table V

LABOR COSTS

LEADING INDUSTRIAL CORPORATIONS

1952

Company	Wages and Salaries as Percent of Sales in 1952
U. S. Steel	42.1%
Aluminum Company of America	39.8
American Airlines	39.7
Scovill Manufacturing	37.4
Eastman Kodak	36.1
Pittsburgh Consolidated Coal	35.2
General Electric Company	33.7
Pittsburgh Plate Glass	33.3
United Aircraft	33.2
Armstrong Cork Company	31.3
International Harvester	31
Burlington Mills	29.4
Caterpillar Tractor	28.9
Canada Dry Ginger Ale	27.2
Goodyear Tire and Rubber Company	27.1
General Motors	26.8
E. I. DuPont	25.9
Curtis Publishing	25.2
American Can	24
Schenley Industries	23.7
Falstaff Brewing	22.3
International Paper	22.2
Colgate - Palmolive - Peet	16.9
Standard Oil of N. J.	16.5
American Locomotive	16.1
General Mills	12.3
Swift and Company	11.4
Standard Brands	10.8
Philip Morris	8.8
American Sugar Refining	8.8
McKesson and Robbins	8.2
Safeway Stores	7.4

Source: Standard and Poor's Corporation, THE OUTLOOK, June 15, 1953, "Labor Costs of Leading Industrial Corporations".

The significance of this high proportion of labor expense among motorbus companies cannot be overemphasized, particularly in a period such as recent years when labor costs have been the most volatile of expense elements. Assume, for illustration, that living costs rise 10% in a given period and all employers are required to grant wage increases to compensate for that rise. For a typical industrial concern or utility, having a labor cost of 25% of gross revenue, the wage increase required would amount to 2½% of revenue. But a transit company, in granting the same 10% wage increase to its employees, would incur an added expense amounting to 6% of revenue. The impact upon the latter, in giving the same increase to its employees as all other companies grant, is more than twice that imposed upon the other industrial and utility concerns. For this reason, the financial status of virtually every motorbus company in the State is transformed overnight from a slightly profitable position to a deficit operation whenever the annual labor contract is signed.

The problem of rising labor costs has been made burdensome for motorbus companies not only by the various rounds of wage increases but also by the enormous expansion of so-called "fringe items", such as travel time, report and turn-in time, guarantee time, as well as holidays, vacations, pensions and other collateral payments, penalties and employee benefits. For example, the Bee Line, Inc., of Rockville Centre, Long Island, pays various collateral allowances, guarantees and penalties to its bus operators which aggregate almost one-third as much as the straight-time pay for actual platform time. Platform time refers to the time in which the bus is in revenue service, including lay-over periods at the ends of lines. As shown on Table VI, a reproduction of an exhibit presented in hearings before a state fact-finding panel following a strike at this operation earlier this year' the actual time spent by the operator with the vehicle on an

BEE LINE INC.

Table VI

ANALYSIS OF AVERAGE DAY'S WORK

REGULAR RUNS - WEEKDAY SCHEDULE

Item	Total Hours In Schedule	Amount In Average Run (hours)	Per Cent of Platform Time: Each Item	Per Cent of Platform Time: Cumulative
Platform Time(driving and layover time)	677.7	7.88	100.0%	100.0%
Travel Time	34.8	0.40	5.1	105.1
Report and Turn-in Allowance	34.4	0.40	5.1	110.2
Paid Meal Time	27.3	0.32	4.0	114.2
Guarantee to Make Up 8 Hours	2.5	0.03	0.4	114.6
Daily Overtime Penalty After 8 Hours	59.3	0.69	8.8	123.4
Swing Penalty - ½ Time Pay For Swing	60.7	0.71	9.0	132.4
Total	896.7	10.43	132.4%	

In hours and minutes, the average run contains 7 hours and 53 minutes of driving time, including layover, and pays 10 hours and 28 minutes. The difference between these two figures represents the average amount of collateral and penalty payments, totalling 2 hours and 35 minutes per day in the average run.

average daily run amounts to 7.88 hours. However, the various allowances in connection with that average day's work amount to 2.55 hours additional, so that the operator receives 10.43 hours' pay for his workday.

In Albany, the basic hourly wage rate for operators was $1.59 prior to the recent arbitration award. But the actual cost to the Company for each hour of revenue service amounted to $2.13 per hour, due to fringe and benefit payments amounting to 54¢ per hour additional. A detailed listing of these additional labor expenses for operating employees over and above the basic wage rate are shown on the accompanying Table VII, which was an exhibit in the recent arbitration case.

In addition to labor, expenses the inflationary climate of recent years has caused a substantial increase in the cost of motor fuel, lubricants, tires, repair parts and other materials used in bus operations. The cost of materials and supplies among bus companies has risen at an average rate of 10 to 15% annually throughout the postwar period.

Similarly, the cost of motor coaches has risen substantially in recent years. The ACF-Brill index, showing the variation in cost of motor coaches, rose from 100 in 1939 to 130 at the end of World War II. Since that time, the index has climbed to 204 as of June 1953, indicating that the cost of buses has more than doubled since the prewar period.

III. WHAT HAS THE INDUSTRY DONE?

During this trying period, the management and owners of transit companies have made a diligent effort to offset the difficulties confronting the industry. A notable step has been the substantial investments made in modernization of transit equipment. Since the end of the war, streetcars have been eliminated by

Table VII

OPERATORS' COST PER PLATFORM HOUR

Item of Cost	Cost Per Platform Hour — Each Item	Cost Per Platform Hour — Totals	As Percent of Straight-Time Pay for Platform Work — Each Item	As Percent of Straight-Time Pay for Platform Work — Totals
PLATFORM TIME	158.67¢	158.67¢	100.0%	100.0%
ALLOWANCES, GUARANTEES AND PENALTIES				
Overtime Penalty	3.86¢		2.4%	
Spread Penalty (Extra List)	9.58¢		6.0	
Guarantee - Runs	0.47¢		0.3	
Guarantee - Trippers	1.12¢		0.7	
Guarantee - Protecting Board	0.80¢		0.5	
Report and Turn in	6.07¢		3.8	
Travel or Dead-head Time	3.30¢		2.1	
Instruction Pay	0.01¢		(0.1	
Snow Pay	0.06¢		(	
TOTAL ALLOWANCES, GUARANTEES AND PENALTIES	25.27¢	183.94¢	15.9%	115.9%
BENEFITS AND OTHER PAYMENTS				
Life Insurance	2.13¢		1.3%	
Health & Accident Insurance	0.65¢		0.4	
Vacation Pay	7.54¢		4.8	
Pension				
Present Plan	4.84¢		3.1	
Prior Plan	0.93¢		0.6	
Holiday Pay	2.66¢		1.7	
Uniforms	1.59¢		1.0	
Workmen's Compensation	3.08¢		1.9	
State Unemployment Tax	2.68¢		1.7	
Federal Social Security Taxes				
Unemployment	0.43¢		0.3	
Old Age Benefits	2.52¢		1.6	
TOTAL BENEFITS AND OTHER PAYMENTS	29.05¢	187.72¢	18.3%	118.3%
GRAND TOTAL	212.99¢	212.99¢	34.2%	134.2%

all of the privately-owned transit systems operating throughout the State. The only remaining streetcar operations are those conducted by the New York City Transit Authority in Brooklyn. Modern postwar buses, which provide faster and more comfortable service, are in use for more than 95% of the private transit industry's total operations throughout the State. Only a minor proportion of service is provided with older style bus equipment, usually at peak hours and in emergencies.

Operating economies have included the introduction of new methods, better utilization of labor forces, together with curtailment of service in keeping with the decline of passenger traffic and the total elimination of service on some unprofitable routes. In some instances, public opposition has been aroused against service reductions. Labor unions also have opposed service reductions in several instances for the reason that they mean curtailment of work. Despite public impressions to the contrary, transit managements are reluctant to curtail service since this action usually precludes any further possibilities of growth on the lines affected.

The third major activity of motorbus companies in attempting to overcome their difficulties has been to seek increased fares to offset the rise in labor and materials costs. During the past six years, virtually every company in the State has had at least two major fare increases.

Effect of Fare Increases

The subject of fare increases and their effect upon riding habits has received intense study not only by transit companies throughout the United States, but also by state and regulatory authorities, during the past several years.

Analyses made by this firm, together with those of other agencies and utility commissions, indicate that while some patronage is lost whenever a transit fare is increased, universally the fare change results in an improvement of operating revenues. Usually, the added revenue amounts to 50 to 60% of the percentage increase in rate of fare; Table VIII is a chart showing the yield from fare increases, based upon data collected by this firm. Likewise, the universal experience has been that some decline in riding takes place. The formula used by many utility commissions for traffic shrinkage is a loss of 0.33% in patronage for each 1% increase in rate of fare.

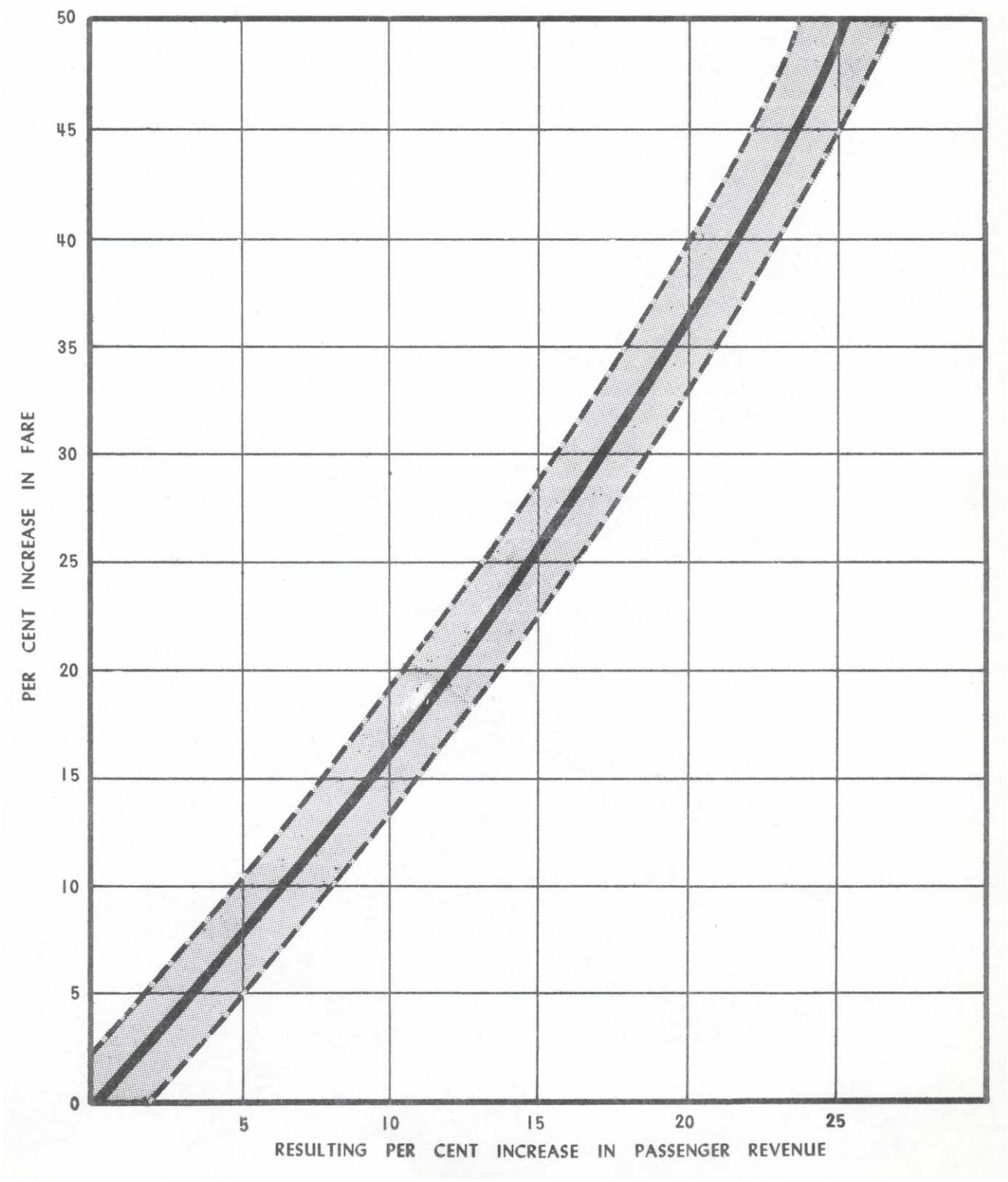
Considerable overemphasis has been placed upon the loss in transit riding resulting from fare changes. It is estimated that about one-third of the total drop in patronage suffered in the last six years by most companies is attributable to fare increases. The balance is due to economic and competitive conditions, primarily increased automobile usage. This conclusion is supported not only by analyses of passenger traffic trends but also by the experience of the one transit company which has not changed its fare since 1945, New Orleans Public Service Company. Despite the fact that the New Orleans rate of fare is the same now as eight years ago, its traffic has dropped by more than 20% during this period.

Likewise, the limited experience with fare reductions indicates that this is not a profitable avenue of relief. The Public Service Company of New Jersey was required to reduce its fare in July 1950 under a court order. While the Company gained some additional riders following the fare reduction, it actually suffered a decrease of 19.3% in passenger revenue from the 26% reduction in fares. It is interesting to note that the gain in riders from this fare reduction followed the same formula of 0.33% change which is used by the industry and utility commissions in measuring the effect of fare increases.

Table VIII

PER CENT INCREASE IN PASSENGER REVENUE RESULTING FROM VARIOUS AMOUNTS OF FARE INCREASE

(BASED UPON 0.33% LOSS IN PASSENGER TRAFFIC
FOR EACH 1.00% INCREASE IN FARE)



IV. FINANCIAL CONDITION OF THE INDUSTRY

The results of operations for representative electric systems, gas companies, telephone companies and transit systems in New York State, together with railroad companies and intercity motor carriers throughout the United States, are shown on Table IX. This table shows the amount of cushion remaining between the cost of running the business and the amount of revenue taken in for each of these utilities during the past five years.

For the first utility listed, Consolidated Edison Company of New York, the operating ratio has declined steadily from 81.3 in 1948 to 76.4 in 1952, with a five-year average of 79.2. In other words, that electric and gas system had last year more than 23% of its total operating revenue available for debt service, income taxes, return on equity capital and retained earnings. It will be noted also that other electric and gas systems similarly have had operating ratios in the range of 75 to 80 during recent years, as shown on this tabulation.

The operating ratio for telephone systems also has varied generally in the range of 80 to 85, while the water company's operating ratio has been 65 - 70. Noteworthy also is the fact that for each of these other utilities, operating revenue has been rising steadily, with a lesser rate of increase in operating expenses, thereby providing an improved operating ratio for these utilities in each succeeding year.

Among Class I railroads throughout the country, the operating ratio in 1948 to 1952 has varied between 89.0 and 82.7. Similarly, for Class I intercity motor carriers, the ratio of expenses to revenue has been between 90.3 and 87.5, averaging 89.0 for the five-year period.

Table IX

OPERATING RATIOS

PUBLIC UTILITIES IN NEW YORK STATE

Year	Operating Revenue	Operating Expenses (excluding income taxes)	Operating Ratio
		Consolidated Edison Company of New York (a)	
1948	$370,832,235	$301,665,417	81.3
1949	366,338,965	296,909,832	81.1
1950	392,703,367	313,030,999	79.7
1951	417,618,297	326,553,808	78.2
1952	435,032,437	332,469,620	76.4
	Five-year period, 1948 - 1952		79.2
		Niagara - Mohawk Power Corporation (a)	
1948	$138,169,012	$106,962,637	77.4
1949	139,284,306	102,144,596	73.3
1950	152,107,126	105,122,172	69.1
1951	176,302,042	130,443,313	74.0
1952	189,336,050	139,001,210	73.4
	Five-year period, 1948 - 1952		73.4
		New York State Electric & Gas Corporation (a)	
1948	$45,043,070	$37,088,336	82.3
1949	46,763,462	37,605,809	80.4
1950	51,909,354	41,273,747	79.5
1951	57,069,445	44,677,538	78.3
1952	63,399,246	47,286,903	74.6
	Five-year period, 1948 - 1952		78.7
		Long Island Lighting Company (a)	
1948	$26,842,809	$21,568,183	80.3
1949	30,022,460	23,400,714	77.9
1950	46,688,038	37,759,299	80.1
1951	52,589,766	39,325,838	74.8
1952	58,653,874	44,073,449	75.1
	Five-year period, 1948 - 1952		77.3

Table IX			
OPERATING RATIOS			
(continued)			
Year	Operating Revenue	Operating Expenses	Operating Ratio
		(excluding income taxes)	
	Brooklyn Union Gas Company (a)		
1948	$38,153,385	$35,279,943	92.5
1949	39,701,551	33,021,736	83.2
1950	42,242,361	35,755,161	84.6
1951	43,983,303	35,156,071	79.9
1952	45,939,619	37,421,512	81.5
	Five-year period, 1948 - 1952		84.1
	Rochester Gas & Electric Corporation (a)		
1948	$27,954,725	$22,984,542	82.2
1949	39,990,548	24,482,672	81.6
1950	33,983,435	27,122,825	79.8
1951	37,935,326	30,495,304	80.4
1952	42,855,715	32,489,415	75.8
	Five-year period, 1948 - 1952		79.7
	New York Telephone Company (a)		
1948	$402,275,819	$349,120,523	86.8
1949	441,479,740	388,616,934	88.0
1950	496,414,189	410,165,740	82.6
1951	552,987,601	440,176,948	79.4
1952	611,440,417	479,901,681	78.5
	Five-year period, 1948 - 1952		82.6

	Rochester Telephone Corporation (a)		
1948	$9,759,619	$ 8,847,384	90.7
1949	10,914,779	9,397,707	86.1
1950	12,209,804	9,887,877	81.0
1951	13,113,456	10,896,644	83.1
1952	15,031,383	12,072,359	80.3
	Five-year period, 1948 - 1952		83.7

Table IX				
OPERATING RATIOS				
(continued)				
Year		Operating Revenue	Operating Expenses	Operating Ratio
			(excluding income taxes)	
		New York Water Service Corporation (a)		
1948		$3,750,115	$2,635,813	70.3
1949		3,992,881	2,693,292	67.5
1950		4,424,004	2,943,494	66.5
1951		5,099,661	3,321,391	65.1
1952		5,592,608	3,624,617	64.8
		Five-year period, 1948 - 1952		66.6
		Railroad Companies Throughout The United States (b) (thousands)	(thousands)	
1948		$ 9,671,722	$ 8,221,351	85.0
1949		8,580,142	7,632,023	89.0
1950		9,473,211	7,832,183	82.7
1951		10,390,673	8,881,096	85.5
1952		10,581,418	8,890,562	84.0
		Five-year period, 1948 - 1952		85.1
		Class I Intercity Motor Carriers of Passengers (c)		
1948	(256)	$415,542,790	$363,649,900	87.5
1949	(264)	393,414,097	359,338,707	91.3
1950	(182)	362,827,816	327,655,288	90.3
1951	(169)	399,768,732	352,232,754	88.1
1952	(167)	402,860,917	354,916,138	88.1
		Five-year period, 1948 - 1952		89.0
		New York City Omnibus Corporation (d)		

1948		$16,694,442	$17,831,581	106.8
1949		18,913,658	18,440,136	97.5
1950		19,428,268	18,894,035	97.3
1951		23,858,803	22,292,820	93.4
1952		24,161,795	22,839,964	94.5
		Five-year period, 1948 - 1952		97.3

Table IX				
OPERATING RATIOS				
(continued)				
Year	Operating Revenue	Operating Expenses	Operating Ratio	
		(excluding income taxes)		
	Fifth Avenue Coach Company (d)			
1948	$6,578,341	$6,851,396	104.2	
1949	6,763,197	6,621,727	97.9	
1950	6,612,750	6,566,819	99.3	
1951	6,859,594	7,011,596	102.2	
1952	7,052,567	7,278,029	103.2	
	Five-year period, 1948 - 1952		101.4	
	Queens - Nassau Transit Lines (d)			
1948	$1,376,463	$1,459,250	106.0	
1949	1,500,674	1,550,152	103.3	
1950	1,517,394	1,582,735	104.3	
1951	1,736,103	1,690,241	97.4	
1952	2,160,727	2,005,235	92.8	
	Five-year period, 1948 - 1952		100.0	
	Niagara Frontier Transit System (e)			
1948	$13,136,973	$14,333,963	109.1	
1949	12,500,103	12,555,995	100.4	
1950	11,739,389	11,812,293	100.6	
1951	12,987,084	12,515,283	96.4	
1952	13,411,067	12,814,926	95.6	
	Five-year period, 1948 - 1952		100.4	
	Rochester Transit Corporation (d)			
1948	$7,197,517	$7,411,602	103.0	
1949	6,871,909	7,146,904	104.0	
1950	6,989,282	6,901,335	98.7	
1951	7,283,791	6,920,564	95.0	
1952	6,511,086	6,402,460	96.8	
	Five-year period, 1948 - 1952		99.8	

Table IX

OPERATING RATIOS

(continued)

Year	Operating Revenue	Operating Expenses (excluding income taxes)	Operating Ratio
		Syracuse Transit Corporation (d)	
1948	$3,536,870	$3,401,385	96.2
1949	3,426,838	3,379,030	98.6
1950	3,695,883	3,394,202	91.8
1951	3,725,652	3,507,181	94.1
1952	3,900,328	3,583,916	91.9
	Five-year period, 1948 - 1952		94.4
		United Traction Company (d)	
1948	$4,410,028	$4,230,641	95.9
1949	4,373,319	4,308,195	98.5
1950	4,188,736	4,351,925	103.9
1951	4,496,764	4,422,558	98.3
1952	4,406,688	4,554,382	103.4
	Five-year period, 1948 - 1952		100.0

Sources:

(a) Moody's Manual of Investments, Public Utilities, 1953.
(b) Interstate Commerce Commission, Class I Steam Railroads, Statement M-100.
(c) Interstate Commerce Commission, Class I Motor Carriers of Passengers, Statement Q-750. Number in parenthesis following each year indicates the number of companies included in data for that year.
(d) Data supplied by Company,
(e) Moody's Manual of Investments, Transportation, 1953,

In contrast with these results of operations for other utilities during 1948-1952, the same data are presented for several motorbus systems, i.e., New York City Omnibus Corporation, Fifth Avenue Coach Company, Queens-Nassau Transit Lines, Inc., Niagara Frontier Transit System, Rochester Transit Corporation, Syracuse Transit Corporation and United Traction Company (Albany). The results of operations for these transit companies show that none of them has had a record of stable earnings approaching that of the other utilities. Only three of these seven motorbus systems had a five-year operating ratio below 100 and the margin in those instances was exceedingly narrow. The remaining companies barely broke even or suffered operating deficits. Furthermore, all of the transit systems, except one, incurred substantial operating losses in two or more of the past five years.

Nor is the situation any better for the smaller companies in the motorbus industry. Analysis of the income statements of the smaller properties indicates that about one-half of them had operating deficits in 1952.

While the transit industry may be a public utility from a regulatory standpoint, it is not classified as a public utility, such as telephone, gas and electric industries, in investment circles. Security analysts generally regard public utilities as a separate class of investment, due primarily to their inherent stability of earnings and their growth record. No such characterization is given to transit securities, however. The bonds and stocks of bus companies are virtually all classified as speculative, due not only to their poor earnings record but also because of their continuing decline as compared with the steady growth of other utilities (See Table X).

Table X

LONG-TERM GROWTH OF MAJOR UTILITIES IN THE UNITED STATES

Year	Electric Power(a) Millions of Kilowatt Hours Produced	Gas Industry		Telephone Industry (d) Number of Telephones	Transit(e) Millions of Passengers
		Manufactured(b) (millions of therms)	Natural(c) (billions of c.f.)		
1925	61,451	-	-	-	16,651
1926	69,353	-	-	14,412,873	17,234
1927	75,418	-	-	15,234,625	17,257
1928	82,794	-	-	16,080,735	16,989
1929	92,180	-	-	17,026,060	16,985
1930	91,112	-	1,943,421	17,138,778	15,567
1931	87,350	-	1,686,436	16,841,208	13,924
1932	79,393	1,952	1,555,990	15,023,645	12,025
1933	81,740	1,824	1,555,474	14,336,194	11,327
1934	87,258	1,873	1,770,721	14,660,188	12,038
1935	95,287	1,853	1,916,595	15,156,979	12,226
1936	109,316	1,761	2,167,802	16,086,825	13,146
1937	118,913	1,781	2,407,620	17,035,373	13,246
1938	113,812	1,773	2,295,562	17,487,812	12,645
1939	127,642	1,834	2,467,756	18,307,984	12,837
1940	141,837	1,941	2,660,222	19,335,691	13,098
1941	164,788	1,994	2,812,658	20,837,275	14,085
1942	185,979	2,126	3,053,475	22,163,162	18,000
1943	217,759	2,239	3,414,689	23,538,606	22,000
1944	228,189	2,304	3,711,039	23,867,631	23,017
1945	222,486	2,604	3,918,686	24,813,671	23,254
1946	223,178	2,990	4,030,605	28,307,657	23,372
1947	255,739	2,874	4,582,173	31,276,909	22,540
1948	282,698	2,848	5,148,020	34,224,065	21,368
1949	291,100	2,681	5,419,736	36,415,549	19,008
1950	329,141	2,659	6,282,060	38,044,794	17,246
1951	370,234	2,435	-	-	16,125

Sources:

(a) Federal Power Commission as reported by National Industrial Conference Board, Inc., ECONOMIC ALMANAC for 1950 and MOODY'S 1952 MANUAL OF PUBLIC UTILITIES (data for years 1931 to 1951).
(b) Compiled by American Gas Association. Reported in MOODY'S 1952 MANUAL OF PUBLIC UTILITIES.
(c) Compiled by U. S. Bureau of Mines. Reported in MOODY'S 1952 MANUAL OF PUBLIC UTILITIES.
(d) Class A Telephone Carriers, from reports to Interstate Commerce Commission through 1933 and to Federal Communications Commission beginning with 1934. Reported in MOODY'S 1952 MANUAL OF PUBLIC UTILITIES.
(e) American Transit Association.

Table XI shows the classification of all utility bonds and notes listed in Moody's 1952 Manual of Public Utilities, according to Moody's bond ratings. This tabulation indicates the number of electric, gas, water, telephone and telegraph bonds in each of the nine quality groups, as compared with the number of transit bonds in each of these nine groups. For other utilities, 78.1% of the total number of intermediate term issues were in the three top grades, bearing A ratings, while no transit issue merits an A classification. In the three lowest classes, from Caa to C rating which is characterized by Moody's as "poor", "speculative in a high degree", and "extremely poor", the entire listing is made up of transit bonds exclusively.

The same situation is true, generally, in long term utility bonds, as shown on the second page of Table XI. 85.3% of other utility bonds bear a rating in the Aaa to A range, with only one transit bond issue being rated in these top-quality classifications. The reason for the A rating on this one transit issue--Public Service Coordinated Transport 1st and ref. 5s, 1990--is that it is secured by the electric and gas revenues of that integrated system.

Further indication of the poor investment quality of transit bonds is the fact that they are not eligible as legal investments by banks or trusts in most states.

Capitalization of Public Utilities

This firm has made an analysis of the capitalization of public utilities, based upon the market price of outstanding stocks and bonds of representative companies in the electric light and power, manufactured gas, natural gas, telephone, water and transit industries during 1952. A summary of this study is contained in Table XII, comprising seven pages.

Table XI

CLASSIFICATION OF BONDS AND NOTES

IN MOODY'S 1952 MANUAL OF PUBLIC UTILITIES

ACCORDING TO MOODY'S BOND RATINGS

Issues Maturing Prior to January 1, 1961

Moody's Bond Rating Classification	Electric, Gas, Water, Telephone and Telegraph		Transit	
	Number of Issues	% of Total Issues	Number of Issues	% of Total Issues
Aaa ("gilt-edge")	4	12.5%	None	None
Aa ("high quality")	8	25.0	None	None
A ("higher medium grade")	13	40.6	None	None
Total A Issues	25	78.1%	None	None
Baa ("lower medium grade")	4	12.5%	2	9.1%
Ba ("speculative")	1	3.1	3	13.6
B ("lack characteristics of desirable investments")	2	6.3	8	36.4
Total B Issues	7	21.9	13	59.1%
Caa ("poor")	None	None	4	18.2%
Ca ("speculative in a high degree")	None	None	3	13.6
C ("extremely poor")	None	None	2	9.1
Total C Issues	None	None	9	40.9%
Total All Issues	32	100.0%	22	100.0%

Source: Moody's 1952 Manual of Public Utilities pages a 134 and a 135.

CLASSIFICATION OF BONDS AND NOTES

IN MOODY'S 1952 MANUAL OF PUBLIC UTILITIES

ACCORDING TO MOODY'S BOND RATINGS

Issues Maturing January 1, 1961 and Thereafter

Moody's Bond Rating Classification	Electric, Gas, Water, Telephone and Telegraph		Transit	
	Number of Issues	% of Total Issues	Number of Issues	% of Total Issues
Aaa ("gilt-edge")	56	9.1%	None	None
Aa ("high quality")	225	36.6	None	None
A ("higher medium grade")	243	39.6	1	7.2%
Total A Issues	524	85.3%	1	7.2%
Baa ("lower medium grade")	71	11.6%	5	35.7%
Ba ("speculative")	17	2.8	3	21.4
B ("lack characteristics of desirable investments")	2	.3	3	21.4
Total B Issues	90	14.7%	11	78.5%
Caa ("of poor standing")	None	None	2	14.3%
Total C Issues	None	None	2	14.3%
Total All Issues	614	100.0%	14	100.0%

Source: Moody's 1952 Manual of Public Utilities pages a 135 to a 137.

KEY TO MOODY'S BOND RATINGS

Aaa

Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt-edge". Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issue.

Aa

Bonds which are, rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long term risks appear somewhat larger than in Aaa securities.

A

Bonds which are rated A possess many favorable investment attributes and are to be considered as higher medium grade obligations. Factors giving security to principal and interest are consider adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.

Baa

Bonds which are rated Baa are considered as lower medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Ba

Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes in this class.

KEY TO MOODY'S BOND RATINGS

(continued)

B

Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

Caa

Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

Ca

Bonds which are rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

C

Bonds which are rated C are the lowest rated class of bonds and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

TRANSIT BONDS AND NOTES IN MOODY'S 1952 MANUAL OF PUBLIC UTILITIES

ACCORDING TO MOODY'S BOND RATINGS

Moody's Bond Rating Classification		Company	Identification of Bonds or Notes
Issues Maturing Prior to January 1, 1961			
	Baa	Market Street Elevated Passenger	
		Rwy.	1st 4s, 1955
	Baa	West Penn Traction Company	1st 5s, 1960
	Ba	Memphis Street Railway Company	1st 4s, to 1960
	Ba	Rochester Transit Corporation	4½% inc. notes, ser. A, 1958
	Ba	United Transit Company	deb. 4s, 1960
	B	Hudson & Manhattan R.R. Company	1st 4½s, 1957
	B	Hudson & Manhattan R.R. Company	1st & ref. 5s, A, 1957
	B	Kansas City Public Service	1st ref. 4s, C, 1957
	B	Montreal Tramways Company	1st 3s, 1953
	B	Montreal Tramways Company	Gen. 4½s, 1995
	B	Montreal Tramways Company	Gen. 5s, A, 1955
	B	Rochester Transit Corporation	4½% inc. notes, ser.B, 1958
	B	Traction Terminal Corporation	1st 5s, 1957
	Caa	Hudson & Manhattan R.R. Company	adj. inc. 5s, 1957
	Caa	Montreal Tramways Company	Gen. 4½s, B, 1955
	Caa	Montreal Tramways Company	Gen. 5s, B, 1955
	Caa	Third Avenue Rwy. Company	1st ref. 4s, 1960
	Ca	Des Moines Railway Company	1st income 5s, 1955
	Ca	Scranton Transit Company	2nd income 3s, 1959
	Ca	Third Avenue Rwy. Company	adj. inc. 5s, 1960
	C	Des Moines Railway Company	6% income notes, 1955
	C	Des Moines Railway Company	7% income debs. A, 1955
Issues Maturing Prior to January 1, 1961			
	A	Public Service Coord. Transp.	1st & ref. 5s, 1990

	Baa	Capital Transit Company	1st & ref. 4s, A, 1964
	Baa	Philadelphia Transpn. Company	1st & ref. 3-3/4s, B, 1970
	Baa	Public Service Coord. Transp.	1st & ref. 4s, 1990
	Baa	Public Service Coord. Transp.	1st & ref. 5-3/4s, 1990
	Baa	Public Service Coord. Transp.	1st & ref. 6s, 1990
	Ba	Memphis Street Railway Company	1st 4s, 1961-65
	Ba	Pittsburgh Railway Company	1st 5s, 1970
	Ba	Twin City Rapid Transit Company	Coll. trust 4s, 1964
	B	Indianapolis Railways, Inc.	Gen. mtge. 5s, 1967
	B	Pacific Electric Railway Company	ref. 5s, 1961
	B	Philadelphia Transpn. Company	cons. inc. 3s-6s, A 2039
	Caa	Baltimore Transit Company	cum. inc. deb. 4s, A 1975
	Caa	Baltimore Transit Company	cum. inc. deb. 5s, A 1975

Table XII

CAPITALIZATION OF PUBLIC UTILITY GROUPS IN 1952

Utility Groups	Number of Companies	Total Capitalization: Bonds and Notes	Total Capitalization: Preferred Stock	Total Capitalization: Common Stock and Surplus
Electric Light and Power	25	50.8%	12.0%	37.2%
Manufactured Gas	10	48.4	3.3	48.3
Natural Gas	10	41.0	2.3	56.7
Telephone	6	37.7	5.5	56.8
Water	6	53.3	8.2	38.5
TRANSIT	25	28.7	10.0	61.3

Source: Moody's Manual of Investment, Public Utilities, 1952 Edition and subsequent releases.

PUBLIC UTILITY GROUPS

25 ELECTRIC LIGHT AND POWER COMPANIES

1. Boston Edison Company
2. California Oregon Power Company
3. Carolina Power and Light Company
4. Cincinnati Gas and Electric Company
5. Cleveland Electric Illuminating Company
6. Commonwealth Edison Company
7. Connecticut Power Company
8. Consolidated Gas, Electric Light and Power Company of Baltimore
9. Consumers Power Company
10. Dallas Power and Light Company
11. Duke Power Company
12. Duquesne Light Company
13. Houston Lighting and Power Company
14. Jersey Central Power and Light Company
15. Kansas City Power and Light Company
16. Kansas Power and Light Company
17. Missouri Power and Light Company
18. Montana Power Company
19. Niagara Mohawk Power Corporation
20. Pennsylvania Power and Light Company
21. Philadelphia Electric Company
22. Portland General Electric Company
23. Public Service of Colorado
24. Public Service of Oklahoma

25. Tampa Electric Company

10 MANUFACTURED GAS COMPANIES

1. Atlanta Gas Light Company
2. Bridgeport Gas Light Company
3. Brooklyn Union Gas Company
4. Hartford Gas Company
5. New Haven Gas Light Company
6. Newport Gas Light Company
7. Providence Gas Company
8. Seattle Gas Company
9. Springfield Gas Light Company
10. Worcester Light Company

10 NATURAL GAS COMPANIES

1. Alabama - Tennessee Natural Gas Company
2. Consolidated Natural Gas Company
3. Equitable Gas Company
4. Hagerstown Gas Company
5. Kansas-Nebraska Natural Gas Company
6. Lone Star Gas Company
7. Mountain Fuel Supply Company
8. National Fuel Gas Company
9. Portland Gas Light Company
10. Washington Gas Light Company

6 TELEPHONE COMPANIES

1. Cincinnati and Suburban Bell Telephone Company
2. Mountain States Telephone and Telegraph Company
3. Pacific Telephone and Telegraph Company
4. Peninsular Telephone Company
5. Rochester Telephone Company
6. Southern New England Telephone Company

6 WATER COMPANIES

1. Bridgeport Hydraulic Company
2. Hackensack Water Company
3. New Haven Water Company
4. Ohio Water Service Company
5. Scranton - Spring Brook Water Service Company
6. West Virginia Water Service Company

25 TRANSIT COMPANIES

1. Altoona and Logan Valley Electric Railway Company
2. Capital Transit Company
3. Cincinnati Street Railway Company
4. Conestoga Transportation Company
5. Dallas Railway and Terminal Company

6. Denver Tramway Corporation

7. Erie Coach Company

8. Fort Worth Transit Company
9. Galveston - Houston Company
10. Gary Railways, Incorporated
11. Grand Rapids Motor Coach Company
12. Harrisburg Railways Company
13. Kansas City Public Service Company
14. Los Angeles Transit Lines
15. Memphis Street Railway Company
16. National City Lines, Incorporated
17. New York City Omnibus Corporation
18. Northern Indiana Transit, Incorporated
19. Philadelphia Suburban Transportation Company
20. Pittsburgh Railways Company
21. Rochester Transit Corporation
22. San Antonio Transit Company
23. Syracuse Transit Corporation
24. Union Street Railway
25. United Transit Company

COMPARATIVE PRICE OF DEBT CAPITAL AMONG PUBLIC UTILITY GROUPS IN 1952

Utility Group	Number of Companies		Bonds and Notes as Proportion of Market Valuation(a)	Average Yield
Electric Light and Power	25		44.8%	2.78%
Manufactured Gas	10		50.0	3.34
Natural Gas	10		39.1	2.89
Telephone	6		34.6	2.72
Water	6		53.1	2.92
TRANSIT	25	Notes	16.7	4.85
		Intermediate Term Bonds	3.3	5.49
		Long Term Bonds	20.0	3.91
		Total	40.0	4.43

(a) Based upon mean market price in 1952 of all securities outstanding.

Source: Moody's Manual of Investments, Public Utilities, 1952 Edition and subsequent releases.

COMPARATIVE PRICE OF EQUITY CAPITAL
AMONG PUBLIC UTILITY GROUPS IN 1952

	Preferred Stock			Common Stock Equity			
Utility Group	Number of Companies	Proportion of Market Valuation(a)	Average Yield	Proportion of Market Valuation(a)	Average Yield	Earnings	Price - Earnings Ratio
Electric Light and Power	25	10.5%	3.8%	44.7%	5.3%	7.4%	13.5
Manufactured Gas	10	4.4	4.2	45.6	4.9	6.7	15.8
Natural Gas	10	2.2	4.6	58.7	5.1	7.6	13.1
Telephone	6	6.9	4.2	58.5	5.5	6.3	15.8
Water	6	7.0	5.0	39.9	5.5	6.5	15.4
TRANSIT	25	6.2	9.8	53.8	12.1	12.7	7.9

a) Based upon mean market price in 1952 of all securities outstanding.

Source: Moody's Manual of Investments, Public Utilities, 1952 Edition and subsequent releases.

COMPARATIVE PRICE OF DEBT AND EQUITY CAPITAL AMONG PUBLIC UTILITY GROUPS IN 1952

Utility Groups	Number of Companies	Average Return on Market Valuation of All Securities (a)	Price Earnings Ratio for Total Capital
Electric Light and Power	25	4.96%	20.15
Manufactured Gas	10	4.89	20.44
Natural Gas	10	5.70	17.54
Telephone	6	4.93	20.28
Water	6	4.50	22.25
TRANSIT	25	9.21%	10.86

(a) Based upon mean market price in 1952 of all securities outstanding.

Source: Moody's manual of Investments, Public Utilities, 1952 Edition and subsequent releases.

One significant difference between transit companies and other utilities shown by this study is the low proportion of debt capital available to the transit industry. Bonds and notes represent the cheapest form of financing, due not only to lower interest rates but also because the interest on such securities is not subject to corporate income taxes. Other utilities are able to finance their operations with 50% of debt capital, while the most that a transit company is able to obtain is 25 to 30%. Even then, it is necessary for the transit company to pay 1-1/2 to 1-3/4 times the interest rates which other utilities pay for debt money. With respect to equity capital, analysis of market prices reveals that investors require a return of 9.8% on transit preferred stock, as compared with an average yield of 4.0 to 5.0% for preferreds of electric light and power, gas, telephone and water companies. Similarly on the common stock equity, investors require a return of 12.7% for transit securities, as compared with an average earnings of approximately 7.0% for other utilities.

Considering the over-all cost of capital as a composite of these stock and bond valuations by the investing public, it becomes evident that the price of money for the motorbus industry is 50 to 75% greater than that of other utility groups. As a result, the industry has had considerable difficulty in attracting capital and in maintaining a high credit standing. Furthermore, there has been a general depression of transit securities in the investment market to the point where they are priced substantially below the book value of the companies, even on a net original cost basis without any allowance for the substantially higher costs which would be required to reproduce their equipment and properties at this time. In a substantial number of instances, the break-up value of transit properties exceeds the market value of the companies as going concerns.

V. THE IMPACT OF TAXES ON MOTORBUS COMPANIES

A major expense item among all motorbus companies are the tax levies assessed by the state, municipal, county and federal governments as necessary costs of doing business. It is recognized that all business concerns are expected to bear an equitable share of the cost of government at each level. However, this industry pays more than the usual gamut of taxes--real estate, sales and compensating use, licenses, social security, income, etc.--borne by all industrial and service concerns. In addition, motorbus companies are assessed specially by the State for a franchise tax of ½% of gross earnings and a utility tax of 2% of gross revenues, together with a fuel consumption tax of 4¢ per gallon on gasoline and 6¢ per gallon on diesel fuel. While the latter tax on motor fuel ls levied upon all highway users, its impact upon motorbus companies is substantially greater than that upon other industries due to the inherent nature of this business.

In addition to these special State imposts, the municipalities also levy special charges against motorbus companies operating within their confines. In some cities, a franchise tax ranging from ½% to 10% of gross receipts is charged, while other communities levy a charge based on the number of buses. Also, the municipalities levy a utility tax of 1% of gross earnings, a counterpart of the State 2% utilities tax.

It should be noted that all of these levies are made against the gross revenues of the companies. Unlike the income tax assessed by the federal government, which is the major tax item for most industrial concerns, these charges are all taken off the top of the income statement and must be paid whether a company has any net income or not.

The result is that the motorbus industry in the State of New York is probably the only business in which all three levels of government--municipal, State and federal--have made more money from the business than the owners have during recent years. For example, New York City Omnibus Corporation paid $7,024,488 in general and special levies to the City of New York during 1948-52, another $5,265,020 to the State of New York, plus $4,322,626 to the federal government, while its net income for the same five years amounted to only $2,132,060.

As disproportionate as this example might seem, it pales alongside that of the Avenue B and East Broadway Transit Company picture. Here, the city franchise levy alone, which is 10% of gross receipts, amounts to more than four times as much each year as the whole net worth of the Company.

Table XIII shows the operating taxes in relation to net income in 1952 for a group of the larger transit systems throughout the State. Among these companies that had a net income, the amount of operating taxes (excluding income tax) was 2½ to 10 times their total earnings for the year. For the smaller motorbus companies, the impact of operating taxes is even more burdensome, due to the generally less favorable earnings record of these companies. As pointed out by J. C. Jackson, Manager of Westchester Surface Ways in Mount Vernon,

> "Taxes, both local and state must be reduced or eliminated, especially in the small communities like ours, or we will eventually be forced out of business.
>
> "For example, our riders have dropped from 11 thousand to 12 thousand per day to four thousand to five thousand per day. A few old people, children, and people unable to afford cars depend on the busses. If we are going to be taken care of, let the city and state Fathers realize times have changed and give relief from high taxes."

Table XIII

OPERATING TAXES IN RELATION TO NEXT INCOME

Principal Transit Companies in New York State

1952

Company	Net Income In 1952	Operating Taxes in 1952				Operating Taxes as Percent of Net Income in 1952			
		City and County	State	Federal(a)	Total	City and County	State	Federal	Total
New York City Omnibus	$1,250,788	$1,756,844	$1,165,799	$319,312	$3,241,955	140%	93%	26%	259%
Fifth Avenue Coach	44995	510306	373086	113986	997378	1134	829	253	2217
Jamaica Buses	80930	89006	77892	24817	191715	110	96	31	237
Avenue B & East Broadway Transit	17,937 (def.)	88715	36426	12145	137289	Net Loss:	Percentage not Calculable		
United Traction (Albany)	184,803 (def.)	105728	268256	83043	457027	Net Loss:	Percentage not Calculable		
Rochester Transit	66149	149001	373222	119771	641994	225	564	181	971
Syracuse Transit	148246	112096	229128	76034	417258	76	155	51	281
Niagara Frontier Transit (Buffalo)	455526	612442	760133	254243	1626818	134	167	56	357

(a) Excludes Corporate Income Tax.

The prevailing slice of revenue for operating taxes among motorbus companies in New York is more than twice that in the other Middle Atlantic and New England States. As shown by Table XIV, transit systems in these other states pay an average of 2.05% of operating revenues to municipalities and counties, another 2.42% to the state and 1.60% to the federal government, for a total of 6.07%. Contrasted with that, motorbus companies in New York pay an average of 5.32% of operating revenue to cities and counties, 5.40% to the State and 1.66% to the federal government, making a total of 12.38%.

The proportion paid for local taxes in New York State is 2.6 times that levied by the municipalities in nearby states, while the total proportion charged by the State of New York is 2.2 times that of the other state governments. With respect to federal taxes, the proportions of operating revenue are nearly the same--1.66% in New York State compared with an average of 1.60% in other states--since the taxes are the same in nature.

It is estimated that reduction of the 12.38% average tax cost among motorbus companies in New York to the 6.07% level prevailing in other states would be equivalent in yield to the companies of a fare increase of 1 to 1¼¢.

As previously pointed out, this figure of 12.38% of operating revenue for city, State and federal operating taxes excludes federal income tax; if the latter is included, the proportion for taxes is closer to 15%. The municipally-owned transit system in New York City, on the other hand, pays none of these taxes. In fact, that system is subsidized even under the newly-created Transit Authority by being relieved of the cost of debt service, pensions and other special charges. Despite that, the fare on Transit Authority bus lines is 15¢, the highest rate in the State, and 50% above the fare on the privately-owned tax-paying systems with which it competes in Manhattan and Queens Counties.

Table XIV

OPERATING TAXES IN RELATION TO OPERATING REVENUE

Transit Companies in Middle Atlantic and New England

Summary by States

1952

State	Number of Companies Included	Operating Taxes as Percent of Operating Revenue: City and County	State	Federal(a)	Total Operating Taxes
Maine	2	0.22%	4.87%	2.64%	7.73%
Massachusetts	12	1.31	4.74	2.14	8.19
New Hampshire	1	0.97	4.1	2.31	7.38
Rhode Island	1	2.03	3.91	1.59	7.53
Connecticut	2	0.91	5.89	2.27	9.07
Pennsylvania	20	1.31	2.18	1.32	4.81
New Jersey	4	4.25	1.25	1.87	7.37
Delaware	2	1.37	1.42	1.39	4.18
Total	44	2.05%	2.42%	1.60%	6.07%
NEW YORK	13	5.32%	5.40%	1.66%	12.38%

(a) Exclusive of corporate income tax.

Source: American Transit Association.

It has been increasingly recognized in the past few years that municipal ownership is no panacea for the correction of the ills of mass transportation. As Governor Dewey pointed out at the time of appointing this Special Committee, "The answer is not in municipal operation. Municipal transit service cannot be operated as efficiently as a privately operated company, unfettered by political influence".

Recognizing the soundness of this observation, it seems rather anomalous that government should place a 15% tax handicap on the privately-owned segment of the industry--the segment which it is most anxious to preserve.

VI. STATE TAXES

The special State taxes applicable to the motorbus industry can be treated under the following categories:

a. The State franchise levy
b. The motor fuel tax
c. The State utility tax

a. The State Franchise Levy

The State franchise tax is imposed, at the rate of ½ of 1% on gross earnings within the State, on transportation and transmission corporations only, under Section 184 of Article 9 of the Tax Law of the State of New York. This tax applies to the omnibus industry and to the telephone and telegraph, steam railroad, trucking and certain miscellaneous utility industries.

In 1952, the ½ of 1% tax on all of these industries yielded $5,527,492, of which $589,274, or 10-2/3%, was paid by motorbus companies.

Thirty-five or forty years ago, when transit was a monopoly and afforded a good investment opportunity, there was some justification for collecting a fee for the right of engaging in the business. However, the ever-growing impact of the automobile has converted the motorbus industry into a highly competitive enterprise. There is no longer any sound reason to collect a franchise levy.

Table XV lists the franchise tax provisions for New York and other nearby states. There is no such tax in Delaware, Indiana, Maine, Massachusetts, Michigan, New Hampshire, Ohio or Pennsylvania. The only states other than New York which have any such tax are New Jersey, Connecticut, Rhode Island and Vermont. The Vermont tax is not of similar nature, since it is imposed at the rate of 1/10 of 1% of gross receipts as a form of assessment to defray costs of the Public Service Commission.

The tax in New Jersey is at the rate of 5% of gross receipts on intrastate service. However, credited against this 5% state Tax are state vehicle license and registration fees, the state motor fuel tax and an allowance for carrying government employees free. In addition, all local city and county imposts are credited against this 5% state tax, and a part of the proceeds is apportioned to the local communities. The end result of this arrangement in New Jersey is that total state taxes actually retained by the state are lower than in any other nearby state--amounting to only about one-half of the average level of state taxes and to less than one-fourth of the total State taxes paid by New York companies (Table XIV).

In Connecticut, a gross receipts tax at the rate of 3% is collected. Here again, however, a portion of this tax is distributed to the local municipalities in lieu of all local obligations.

Table XV

STATE FRANCHISE TAXES

STATES IN NORTHEASTERN UNITED STATES

State	Franchise or Gross Receipts Tax	Notes
Connecticut	3% on gross within state	Assessments on real and personal property used in transportation, for purposes of local property taxes, are deductible from this 3% gross receipts tax. The part of the gross receipts tax distributed to municipalities is in lieu of all local obligations.
Delaware	None	
Indiana	None	
Maine	None	
Massachusetts	None	
Michigan	None	
New Hampshire	None	
New Jersey	5% of gross receipts on intra-state service	Credited against this tax are: (a) Municipal franchise taxes and licenses, (b) New jersey license and registration fees, c) State motor fuel tax, (d) An amount equal to lawful fares for uniformed and other public officers who ride free.
Ohio	None	
Pennsylvania	None	
Rhode Island	1¼% of gross revenue	Applies only to United Transit Company in Providence
Vermont	1/10 of 1% of gross receipts	Tax intended to cover cost of operation of the P.S.C. - not as a revenue producing measure.
NEW YORK	1/2 of 1% of gross earnings	

In Rhode Island, a 1¼% state tax is imposed on gross revenue but is in lieu of a municipal franchise tax provided for under state law.

b. The Motor Fuel Tax

The motor fuel tax in New York is levied at the rate of 4¢ per gallon on gasoline and 6¢ per gallon on diesel fuel. For 14 years prior to 1951, the rates of tax on gasoline and diesel fuel were the same. In July 1951, the State tax rate on diesel fuel was increased to 6¢ per gallon. Four months later, a federal tax of 2¢ per gallon on diesel fuel was imposed.

A major factor in raising the tax on diesel fuel was to equalize the competitive situation between the trucking and railroad industries, since the trucks use public highways and are not required to maintain separate rights-of-way. However, as the situation has developed, the main impact of the diesel fuel tax has been on the motorbus industry rather than on the trucking industry.

Consumption of motor fuel is only an incidental cost in businesses other than the bus and trucking industries. Only in these two businesses is it a major factor. Furthermore, diesel fuel consumption in the State of New York is predominantly by the bus industry rather than by truck operators. This results from the fact that buses operate on a regular schedule and operate many more miles empty or near empty than do trucks. Hence, the principal burden of the 6¢ tax, 50% higher than the gasoline tax, falls on the motorbus industry which from a financial standpoint is least able to bear the cost.

With respect both to gasoline and diesel fuel taxes, there is every justification for exclusion of the local motorbus industry from all payment. More than three-quarters of local transit service is operated over city streets

which are maintained by local taxes rather than by State motor fuel tax receipts. Only a minor portion of the total route mileage of local bus systems is operated over State-supported highways. Yet, these companies pay the full tax rate on motor fuel, the same as highway users making extensive use of State roads.

Motor fuel taxes are levied principally to improve highways for the accommodation and convenience of automobile users. Therefore, the payment of motor fuel taxes by local bus companies, which make little or no use of State roads, is in effect a form of subsidy paid by this industry for the benefit of its principal competitor--the automobile.

All other forms of non-highway transportation--or those which make only occasional use of the highways--are exempt from the State fuel tax. Operators of farm vehicles, aircraft and marine equipment do not pay the tax. The same exemption rightfully should be applied to the transit industry.

Table XVI lists the fuel tax rates for New York and other nearby states. Among these 12 other states, only 2 have a diesel fuel tax rate as high as that in New York. The other 10 states charge 1 to 3¢ less per gallon.

c. 2% State Utility Tax

This levy on the gross revenue of motorbus companies had its origin in the depression of the early 30's, growing out of the emergency need to provide funds for unemployment relief. A companion measure also was enacted by the Legislature permitting municipalities to assess a 1% tax on the gross revenue of certain utilities within their jurisdiction. Despite their emergency nature, both of these levies have persisted although the purpose for which they were enacted has long since vanished.

Table XVI

FUEL TAX RATES

STATES IN NORTHEASTERN UNITED STATES

State	Fuel Tax Rates	Notes
Connecticut	Gasoline and diesel fuel. - 4¢ per gal.	
Delaware	Motor fuel - 5¢ per gal.	In addition, there is a fee of $200 per mile of road operated on by trolley coaches outside the city of Wilmington. Initial charge is increased by percent increase in state gasoline tax.
Indiana	Motor fuel - 4¢ per gal.	
Maine	Internal combustion engine fuel - 6¢ per gal.	
Massachusetts	Motor fuel - 5¢ per gal.	
Michigan	Gasoline - 4½¢ per gal. Diesel fuel - 6¢ per gal.	Operations under municipal franchise entitled to refund 1½¢ on gasoline and 1¢ per gal. on diesel fuel.
New Hampshire	Motor fuel - 5¢ per gal.	
New Jersey	Motor fuel - 3¢ per gal.	Credited against 5% gross receipts tax.
Ohio	Motor fuel - 5¢ per gal.	
Pennsylvania	Motor fuel - 5¢ per gal.	
Rhode Island	Motor fuel - 4¢ per gal.	
Vermont	Gasoline - 5¢ per gal.	No tax on diesel fuel but registration fee on diesel buses is double that for gasoline buses.
NEW YORK	Gasoline - 4¢ per gal. Diesel fuel - 6¢ per gal.	

This utility tax is a special impost on certain classes of utilities--electric and gas companies, telegraph and telephone systems, water companies and motorbus companies. It is not levied on railroads, trucking firms, airlines, steamship companies, taxicab systems or other transportation media. In fact, the motorbus industry is the only form of transportation which is subject to the tax.

Exemption of the motorbus industry from this 2% utility tax has received active consideration by the Legislature in recent years. The record on the bill in the past eight sessions of the Legislature is as follows:

1946 - Died in Senate Taxation Committee
1947 - Passed in Senate, died in Assembly Rules Committee
1948 - Passed in Senate and Assembly, vetoed by Governor without comment
1949 - Passed in Senate and Assembly, vetoed by Governor without comment
1950 - Passed in Senate and Assembly, vetoed by Governor without comment
1951 - Passed in Senate and Assembly, vetoed by Governor with message
1952 - Passed in Senate, defeated in Assembly
1953 - Passed in Senate and Assembly, vetoed by Governor with message.

For the fiscal year ended March 31, 1953, the total amount of State revenue obtained from the 2% utility tax was $32,126,120. The amount paid by motorbus companies was $2,432,156, or approximately 7½% of the total.

It should be noted that the annual growth in operating revenues of the electric, gas and telephone utilities has been at the rate of 8 - 10% for the past several years. Therefore, the loss in revenue to the State by extending the

exemption for other transportation media to the motorbus industry would be offset completely by the increase in tax yield resulting from the growth of these other utilities.

Analysis of the steady rise In operating revenue during the past four years for nine ocher utilities--Consolidated Edison Company of New York, Niagara-Mohawk Power Company, New York State Electric and Gas Corporation, Long Island Lighting Company, Kings County Lighting Company, Brooklyn Union Gas Company, Rochester Gas & Electric Company, New York Telephone Company and Rochester Telephone Company--indicates that their gross revenues have been expanding at an annual rate of approximately $120,000,000. Since this amount is almost identical with the total annual revenue of the whole motorbus industry, the 2% utility tax on the annual growth increment for this group of nine companies would absorb the loss in revenue from exempting the motorbus industry.

As shown by Table XVII, New York is the only State in the northeastern portion of the United States which imposes a special utility tax on motorbus companies.

With the need for unemployment relief substantially diminished and a current need existing for financial relief to privately-owned transit systems, it would seem only logical to broaden the exemption to include this industry.

Even more compelling, perhaps, then the facts presented above with respect to the New York State utility tax, is the drastic effect that it has on the individual bus operator in this State. As an illustration, the situation of the Triple Cities Traction Corporation in the Binghamton area may be examined. This Company, like others in the State, has been in difficulties over a period of years as the result of rising costs and declining traffic. The Company obtained

Table XVII

STATE UTILITY TAXES

STATES IN NORTHEASTERN UNITED STATES

State	Utility Tax
Connecticut	None
Delaware	None
Indiana	None
Maine	None
Massachusetts	None
Michigan	None
New Hampshire	None
New Jersey	None
Ohio	
Pennsylvania	None
Rhode Island	None
Vermont	None
NEW YORK	2% of gross operating income

a fare increase in 1952 and, in addition, exerted every effort to reduce expenses. The result is evident in the first eight months of 1953. In that period, revenue was $1,234 above the like months of 1952. Operating and maintenance expenses were down by $18,219 as a result of economies effected. These accomplishments produced a net income of $3,172 for the first eight months of this year. For the same period, the Company paid a State utility tax of $16,034, or five times as great as the net income which its efforts, both with respect to fare increase and economies, had been able to produce from the business.

VII. LOCAL TAXES

The principal local taxes paid by motorbus companies are the following:

a. City utility tax of 1%, local counterpart of the 2% State utility tax;

b. Local franchise taxes, expressed either as a percentage of revenue or as a flat fee based on number and capacity of vehicles.

a. The City Utility Tax

In addition to the 2% utility tax collected by the State of New York, local municipalities may also, if they so elect, levy an additional 1% tax on revenues derived from operations within municipalities. With only one exception, the municipalities in New York State have availed themselves of this opportunity and are collecting the local 1% utility tax.

The comments already made regarding the State utility tax apply equally to its local counterpart.

b. Local Franchise Taxes

The franchise tax is in effect a tax for special privilege. It is a sum paid to the community for the right to operate bus service. Furthermore, it is taken "off the top", in the form of either a percentage of gross revenues or flat assessment per bus.

A special privilege or right to operate tax is a vestige of a bygone era of the transit industry. Some years ago, local transit was a prosperous industry, enjoying a monopoly status comparable to that still enjoyed by telephone, electric, gas and other public utilities. Companies and individuals were willing and able to pay for that privilege. The ever-growing impact of automobile competition has fundamentally altered the nature of the business. Under present day circumstances, there is no sound reason to impose a tax for the right to compete.

There is no more logic in a franchise or gross receipts tax for a bus company than there is in a similar tax for beer trucks, bakery and milk delivery trucks, or other similar vehicles using the city streets. The only difference is that transit vehicles deliver people while the other classes of vehicles deliver products. A special tax burden on bus companies is doubly unreasonable due to the fact that the charges made by transit companies are rigidly controlled while prices charged by other types of delivery vehicles are not subject to such control.

The franchise taxes in municipalities of New York State take several different forms. Table XVIII sets forth the details of local franchise and vehicle taxes in the principal cities of the State. In New York City, the private bus companies pay a percentage of gross revenues ranging from 3% to 10% of gross passenger revenues. The single exception is the bankrupt Third Avenue Transit System, on which the tax has been reduced to ½ of 1%.

Table XVIII

LOCAL UTILITY, FRANCHISE AND VEHICLE TAXES

IN PRINCIPAL CITIES IN NEW YORK STATE

City	Utility Tax	Franchise Tax	Vehicle Tax
All cities	1% of gross receipts on revenue derived within city limits. (Tax collected in all cities in State with one exception.)		
New York City: N. Y. C. Omnibus		3 to 10% of gross passenger and advertising revenue, varying by route.	
Fifth Avenue Coach		5% of gross passenger and advertising revenue.	$20 per bus annually.
Avenue B and East Broadway Transit		10% of gross revenue.	
Third Avenue Transit		½ of 1% to City of New York, 2½% to City of New Rochelle, 3% to Mt. Vernon and other towns.	
Buffalo		3% of gross revenues.	
Syracuse			$300 annually for each scheduled bus in city service, $150 per bus in service outside city.

Table XVIII

LOCAL UTILITY, FRANCHISE AND VEHICLE TAXES
IN PRINCIPAL CITIES IN NEW YORK STATE
(continued)

City	Utility Tax	Franchise Tax	Vehicle Tax
Rochester			$50 per bus for those in regular service, $10 per bus for those in tripper service.
Albany		Fixed at $26,725 per year, divided among six communities served.	
Binghamton-Endicott-Johnson City			$50 per bus annually in Binghamton ($25 to $125 on certain lines.) $25 per bus in other communities, except $50 on some lines in Johnson City.
Utica		For operations in certain communities surrounding Utica, a flat sum of $3,920 annually is divided among five towns.	$200 for each regularly scheduled bus in Utica.

In major upstate cities, the tax in Buffalo is 3% of revenues; in Albany, a flat annual sum; and in the Triple Cities area, Rochester and Syracuse, a stated fee per bus.

Whatever the form of the tax in the various communities, it is apparent from Table XIV that bus companies in this State pay appreciably higher local taxes than are borne by the industry in other nearby states. Bus companies here paid out 5.32% of operating revenues in local taxes in 1952--as contrasted with 2.05% for bus companies in neighboring states. The local tax bill for New York companies is more than 2½ times that of the industry in other states.

These local taxes which are imposed irrespective of the results of operations of the bus companies are, of course, paid by the local citizens who ride the buses. It is paradoxical that municipalities throughout the State have on occasion opposed applications for fare increases by bus companies on the grounds of an alleged inability of the bus riders to bear the cost of higher fares and of the hardships that would flow from the increases. Nevertheless, they continue to exact these franchise taxes which are, in effect, selective excise or sales levies.

Not only are the franchise taxes a form of sales tax, but they are taxes imposed on those least able to pay. The bus riders include a large proportion of the low income group in the community, some of whom have no other means of transportation. Generally, when sales taxes have been enacted, basic necessities such as food and essential clothing have been exempt. Appropriately, transit should be treated in the same fashion.

It is interesting to note that the federal transportation tax is not imposed on local transit riders nor is it levied on commutation riders. While it

is levied against all fares in excess of 35¢, a regular long-haul rider can purchase a commutation ticket and the regular, recurring use of the transportation in this fashion exempts the fare from the federal tax.

A very limited beginning has been made toward the reduction of local taxes imposed on transit companies in this State. Accomplishments to date are as follows:

Third Avenue Transit Corporation

In January 1951, the franchise tax was reduced from 5% of gross revenue to 2½%. This made it possible to avert a threatened strike against the bankrupt Company and was followed by a wage increase to the employees.

A year later, in January 1952, the New York City Board of Estimate voted to reduce the franchise tax further to the present level of ½ of 1% of gross income.

Triboro Coach Corporation

In February 1948, this Company was in serious difficulty and was on the verge of going out of business. Faced with this crisis, the New York City Board of Estimate reduced the franchise tax from 7 to 5%.

Yonkers Bus Company Inc.

Following a prolonged strike in late 1950, consideration was given by the New York Common Council to the need for tax relief. Subsequently, in March 1951, the local tax on gross revenues was reduced from the then-existing 3 to 4% level to 1%.

Privately-Owned Bus Companies in New York City

Following a strike at the start of 1953, the Board of Estimate provided for a reduction of the franchise taxes paid to the city by placing part of the taxes in escrow for use if necessary to comply with the decision of an impartial arbitrator on the granting of a 40-hour week to employees of the companies.

The amount of the tax placed in escrow under this arrangement amounted to 3½% of gross revenue for Steinway Omnibus Corporation, Triboro Coach Corporation and Fifth Avenue Coach Company. For Queens-Nassau Transit, Lines, Inc., Jamaica Buses, Inc., and New York City Omnibus Corporation, the portion in escrow amounts to 2% of gross revenue.

Under the impact of crises with labor problems, therefore, something has been done recently to lower the burden of excessive local taxes on some bus companies in this State. That which has been done is not adequate for the affected companies and, of course, has had no effect on the majority of operators in the State. Much remains to be accomplished before bus companies in New York State will be required only to bear tax burdens comparable with those paid elsewhere.

Tables XIX and XX list the local taxes paid by transit companies in 12 nearby states. It readily may be seen that in the majority of neighboring states, no local utility or franchise taxes are imposed upon the motorbus industry. Furthermore, in the minority of cities where local levies are imposed, the rates of payment are substantially below those in the municipalities of New York State.

From the standpoint of relieving traffic congestion on city streets, it would be desirable to eliminate these local franchise levies. If taxation is continued at the present high level, transit fares will continue to be high and act as a deterrent to wider use of transit facilities. With the tax burden lowered, so that operating costs would be lessened and fares held to a minimum, more persons than otherwise would be attracted to the use of mass transportation services, thereby lessening the demands on these cities for street space for vehicular movement, curb space for parking and expensive off-street parking facilities.

As pointed out recently by Walter H. Blucher, executive director of the American Society of Planning Officials:

"Transit systems were taxed at one time because they were a monopoly and because of their utilization of public streets. In some cities the system applied during the days of the horse-drawn car still applies today. Taxation based upon the theory of monopoly with respect to most mass transit facilities is woefully out of date. It is hard to understand a theory which says that a vehicle carrying forty passengers must pay a tax for the utilization of the street while a vehicle carrying one passenger . . . pays no tax. If the policy were rational, the reverse would be true."

Table XIX

LOCAL UTILITY OR FRANCHISE TAXES

STATES IN NORTHEASTERN UNITED STATES

State	Nature of Tax
Connecticut	None
Delaware	None
Indiana	Hammond - 3% of gross revenue Fort Wayne - ½% on first $1,000,000 passenger revenue, 1% on next $500,000 passenger revenue, 1½% on excess over $1,500,000. (Minimum - $13,000) Gary - 1-3/4% of passenger revenue Evansville) Indianapolis) None South Bend)
Maine	None
Massachusetts	None
Michigan	Battle Creek - 1% on first $200,000 revenue, 1½% on next $50,000 revenue, 2% on additional revenue Grand Rapids - $6,000 annually Lansing) None Detroit)
New Hampshire	None
New Jersey	None; Local imposts are covered by 5% gross receipts tax collected by the state and apportioned to communities.

Table XIX

LOCAL UTILITY OR FRANCHISE TAXES

continued)

State	Nature of Tax
Ohio	None in Akron, Cincinnati, Cleveland, Youngstown and Toledo. Dayton - 1% of gross revenue. Springfield - 1% of gross revenue, to be reduced to 0.6% on and after December 1, 1953.
Pennsylvania	Philadelphia -$700,000 per year in lieu of car license fees, paving obligations and other prior franchise conditions and payments. Harrisburg - 3% on all fares originating or ending within city limits. No tax reported for other major municipalities in Pennsylvania.
Rhode Island	None
Vermont	None

Table XX

LOCAL VEHICLE TAXES

STATES IN NORTHEASTERN UNITED STATES

State	Local Vehicle Taxes
Connecticut	None
Delaware	$50 per bus. On trolley coaches, approximately $1,000 for each mile of street used within the city.
Indiana	Evansville - $35 per bus Indianapolis - $51 per bus and $357 per street mile used by trolley coaches South Bend -$50 per bus in base schedule and $25 per bus used in swing or tripper service Hammond) Fort Wayne) None Gary)
Massachusetts	None
Michigan	Battle Creek) Detroit) None Grand Rapids) Lansing - $100 per bus
New Hampshire	None
New Jersey	None; Local imposts are covered by 5% gross receipts tax collected by the state and apportioned to communities.
Ohio	None

Table XX

LOCAL VEHICLE TAXES

(continued)

State	Local Vehicle Taxes
Pennsylvania	Philadelphia - $50 per bus Pittsburgh - $130 per mile of single track Erie - $50 per bus Wilkes-Barre - $100 per vehicle Allentown - $10 per bus Bethlehem - $5 per bus Easton- $35 per bus Reading -$100 per bus Harrisburg - None
Rhode Island	None
Vermont	None