

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1227

IN THE MATTER OF:

Served July 21, 1972

Certification of D. C. Motor)
Vehicle Fuel Tax Exemption for)
D. C. Transit System, Inc., as)
Required by Public Law 84-757,)
for the Twelve-Month Period)
Ended August 31, 1970.)

Public Law 84-757, approved July 24, 1956, which granted a franchise to D. C. Transit System, Inc., contained a provision exempting that Company from the D. C. motor vehicle fuel tax to the extent that the Company's net operating income falls below 6-1/2 percent of gross operating revenues (Sec. 4 and Sec. 9(a)(b)(c)). Public Law 88-212, approved December 18, 1963, transferred the responsibility for determining the exemption, if any, to the Washington Metropolitan Area Transit Commission.

In compliance with these laws, the Commission has made a determination regarding the Company's exemption from D. C. fuel tax for the twelve-month period ended August 31, 1970, based on its audit for that fiscal period. The pertinent calculations involved are summarized in Exhibit A and Schedule A-1 attached.

Findings and Certification to the Commissioner
of the District of Columbia

The Washington Metropolitan Area Transit Commission has found, and hereby certifies to the Commissioner of the District of Columbia, that:

(a) The net operating income of D. C. Transit System, Inc. (D.C.) for the twelve-month period ended August 31, 1970, giving effect to the D. C. motor vehicle fuel tax which would be due but for the provisions of Section 9(c) of Public Law 84-757, is \$(90,458.65).

(b) A 6-1/2 percent return on gross operating revenue for the twelve-month period ended August 31, 1970 (the test measure provided by Section 9(c) of Public Law 84-757) is \$2,696,742.45.

(c) The net operating income developed in (a) above is less than the test measure return developed in (b) above by \$2,787,201.10.

(d) Complete exemption from the D. C. motor vehicle fuel tax on mass transportation operations for the twelve-month period ended August 31, 1970, after giving consideration to the effect of such exemption on income taxes, will increase the net operating income of the Company to \$546,927.33.

(e) The net operating income resulting in (d) above is equal to 1.32 percent of gross operating revenue, which is below the test measure return of 6-1/2 percent specified in Public Law 84-757, Section 9(c).

(f) D. C. Transit System, Inc. (D. C.) is therefore exempt from payment of the D. C. motor vehicle fuel tax on purchases of fuel made during the twelve-month period ended August 31, 1970, in the amount of \$637,385.98.

(g) D. C. Transit System, Inc. (D. C.) is not exempt from the D. C. motor vehicle fuel tax applicable to fuel issued to other users in the additional amount of \$119.98.

(h) The fuel tax liability certified in (g) above is due and payable by D. C. Transit System, Inc. (D. C.) as provided for in Section 9(c), Public Law 84-757.

FOR THE COMMISSION:


DOUGLAS N. SCHNEIDER, JR.
Executive Director

SUMMARY OF D. C. FUEL TAX LIABILITY
AND ITS EFFECT ON NET OPERATING
REVENUE OF D. C. TRANSIT SYSTEM, INC. (D. C.)
FOR THE TWELVE-MONTH PERIOD ENDED AUGUST 31, 1970

I. Potential Fuel Tax Liability Subject to Exemption Under Public Law 84-757

Total possible fuel tax liability, based on motor fuel purchased during the period.		\$637,512.26
Portion applicable to "purposes other than motor vehicle use", exempt under Title 47, Section 1910 of the Code of the District of Columbia.	\$ 6.30	
Portion applicable to issues and sales to outsiders.	<u>119.98</u>	<u>126.28</u>
Potential fuel tax liability subject to exemption under Public Law 84-757.		<u>\$637,385.98</u>

II. Determinations Required by Public Law 84-757

(1) Per Section 9(c). "Net operating income for twelve-month period" ended August 31, 1970, including "as an operating expense the full amount of the motor vehicle fuel tax which would be due but for the provisions of this section"		\$ (90,458.65)
(2) Per Section 9(b)(1). Gross operating revenue of \$41,488,345.35 multiplied by 6-1/2 percent.		\$ 2,696,742.45
(3) Per Section 9(c). "Amount in dollars" by which (1) above "exceeds or is less than a 6-1/2 percent rate of return for such twelve-month period." (Less than a 6-1/2 percent rate of return.)		\$(2,787,201.10)

- (4) Per Section 9(c). Net operating income after excluding the entire potential fuel tax liability in the amount of \$637,385.98 "after taking into account the effect of such (fuel tax) reduction on the amount of the Federal income taxes and the D. C. franchise tax levied upon Corporate income" \$ 546,927.33
- (5) Relation of (4) above to gross operating revenue of \$41,488,345.35. 1.32%

D. C. TRANSIT SYSTEM, INC. (D. C.)
 CONDENSED OPERATING STATEMENTS
 FOR THE TWELVE-MONTH PERIOD ENDED AUGUST 31, 1970

	Per WMATC Audit Excluding D. C. Fuel Tax	Operating Results If D. C. Fuel Tax Were Paid
<u>Operating Revenue</u>	<u>\$41,488,345.35</u>	<u>\$41,488,345.35</u>
<u>Deductions from Operating Revenue:</u>		
Maintenance of Equipment and Garage Expenses	8,228,890.34	8,228,890.34
Transportation Expense	21,888,627.03	21,888,627.03
Traffic Promotion Expense	354,212.87	354,212.87
Insurance and Safety Expense	1,440,695.65	1,440,695.65
Employee Welfare Cost	3,570,180.24	3,570,180.24
Operating Rents Expense	2,015.76	2,015.76
Administrative and General Expense	1,816,567.00	1,816,567.00
Depreciation Expense	2,341,365.48	2,341,365.48
Amortization of Acquisition Adjustment	(172,648.24)	(172,648.24)
Provision for Track Removal and Repaving	130,717.53	130,717.53
Operating Taxes:		
Fuel	123,202.66	760,588.64
Other	<u>1,217,591.70</u>	<u>1,217,591.70</u>
Total Deductions from Operating Revenue, Exclusive of Income Taxes	<u>40,941,418.02</u>	<u>41,578,804.00</u>
Net Operating Income, Before Income Taxes	546,927.33	(90,458.65)
Provision for Income Taxes	<u>-0-</u>	<u>-0-</u>
<u>Net Operating Income</u>	<u>\$ 546,927.33</u>	<u>\$ (90,458.65)</u>