Industrial Resources: Breathitt County - Jackson

10-1953

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ECONOMIC & INDUSTRIAL SURVEY

of

Jackson, Ky.

Prepared by

JACKSON KIWANIS CLUB

— and —

THE AGRICULTURAL & INDUSTRIAL DEVELOPMENT BOARD

— of —

KENTUCKY
ECONOMIC & INDUSTRIAL SURVEY
OF
JACKSON, KENTUCKY

Prepared by

and

The Kentucky Agricultural & Industrial Development Board

October 15, 1953
Jackson, Kentucky has 50,000,000 customers within its market area.
This report sets forth industrial location data which manufacturers will find useful in considering expansion possibilities at Jackson, Kentucky.

Apart from availability of power, water, natural gas, communications, and recreation facilities, considered in later pages, the following characteristics of Jackson are especially important from the standpoint of plant location.

**General Setting:** Jackson is the county seat of Breathitt County, one of 14 eastern Kentucky counties containing about a sixth of the state's 1950 population. The region is very heavily forested. Its principle economic activity is mining, 33,000 coal miners being employed in December, 1952. The population of Jackson in 1950 was 1978 and that of Breathitt County, 19,964.

**Labor Supply:** By virtue of a high rate of population increase, the mechanization of mining, and higher production per man-hour, Jackson and its environs make up an area of more or less continuing labor surplus. Any possibility of a "tight" labor market seems to be precluded during the foreseeable future. It is estimated that in mid-1953 there were well over 40,000 workers available for manufacturing employment in the 14-county region of which the Jackson area is a part. In the Jackson labor market, alone, an estimated 3,100 workers are presently (September, 1953) available for new factory jobs. This supply is expected to be augmented by 7,000 youths coming of age during the next 10 years.

**Production Materials:** Next to coal, which is expected to become increasingly important in the chemical industry through new technology in coal hydrogenation, timber is the principle raw material available in eastern Kentucky and the Jackson area. Of the state's forested area, 27% lies in this fourteen-county region. Principal timber species in eastern Kentucky are oak, hickory, beech, chestnut, yellow poplar, and pine.

**Markets:** Highway distances from Jackson to nearby major market centers are as follows: Lexington, 97 miles; Louisville, 174 miles; Cincinnati, 173 miles; Indianapolis, 266 miles; Pittsburgh, 365 miles; Cleveland, 373 miles; Detroit, 420 miles; Chicago, 455 miles; Knoxville, 204 miles; Chattanooga, 318 miles; Atlanta, 438 miles; Birmingham, 468 miles.

The Louisville & Nashville Railroad serves Jackson and ties the area directly and through interconnections to the above and other large and growing industrial and consumer markets of the North and South. Southeastern Greyhound and Black Brothers bus lines, and a number of trucking firms serve Jackson.
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JACKSON, KENTUCKY

POPULATION AND LABOR:

Population Figures 1870 - 1950

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<tr>
<th></th>
<th>Jackson</th>
<th>Breathitt County</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>54</td>
<td>5,672</td>
</tr>
<tr>
<td>1880</td>
<td>88</td>
<td>7,742</td>
</tr>
<tr>
<td>1890</td>
<td>--</td>
<td>8,705</td>
</tr>
<tr>
<td>1900</td>
<td>941</td>
<td>14,322</td>
</tr>
<tr>
<td>1910</td>
<td>1,346</td>
<td>17,540</td>
</tr>
<tr>
<td>1920</td>
<td>1,503</td>
<td>20,614</td>
</tr>
<tr>
<td>1930</td>
<td>2,109</td>
<td>21,143</td>
</tr>
<tr>
<td>1940</td>
<td>2,099</td>
<td>23,946</td>
</tr>
<tr>
<td>1950</td>
<td>1,978</td>
<td>19,964</td>
</tr>
</tbody>
</table>

Population Characteristics - The population of Jackson has shown a decrease of 5.8% during the past decade, while Breathitt County has shown a decrease of 16.6% during the same period. 99.48% of the population of the county are native white, .13% foreign-born white, and .39% negro. The median school years completed for the county are: male - 6.2; female - 6.3.

Definition and Population Trend - The Jackson, Kentucky labor supply area is defined to include Breathitt, Owsley and Wolfe Counties. The population of this area was 34,903 in 1950, a drop of about 8,000 when compared to 1940. There was a net outmigration of 11,787 persons from these counties between the census years, and a net outmigration of 4,290 persons from Breathitt County between 1940 and 1950.
Economic Characteristics - Agriculture dominates the economic activity of all the counties in the Jackson labor supply area with 5,728 persons working in this industry according to the 1950 Census of population. This is in sharp contrast to the fact that in March, 1953 there were only 1,224 jobs (about 800 of these in the broad mining field) in the area covered by unemployment insurance with only 150 of these jobs in the manufacturing industries. Practically all manufacturing is concentrated in the highly seasonal low-paying lumbering and saw milling industry. The area's agricultural economy appears to be far from prosperous as over 60% of the area's farms had a 1949 cash income of below $600. In Breathitt County, agriculture furnishes employment to about 2,600 persons, which is about two and one-half times the number of jobs covered by unemployment insurance.

In terms of per capita income the area falls into a very low classification due possibly to not too prosperous farm economy and the lack of other job opportunities. Per capita income in Breathitt County, which was the highest of any county in the labor supply area in 1951, was $555 only slightly more than one-third of the national per capita average of $1,584 and only a little more than one-half of the state per capita figure of $1,071.

In general this is a low wage area when the average weekly wage for jobs covered by unemployment insurance is used as a comparison. Despite the fact that the area has a relatively low wage scale in general, the heavy dominance of mining in Breathitt County pushed the average weekly
covered wage to $65.07 during the first quarter of 1953 which was slightly above the Kentucky average of $63.92 and well below the national average in the last quarter of 1952 of $74.32. However, the average weekly wage in manufacturing industries in Breathitt County was only $28.68, which is well below the state average of $65.83 and the national average of $79.70.

Potential Labor Supply - In the entire Jackson labor supply area there are an estimated 1,500 women and 2,500 men who would be available for industrial jobs. However, all of these potential workers would not be available for jobs located at any single point in the area. As a result of this, it is estimated that 1,100 of the women and 2,000 of the men would be available for jobs located at Jackson. Breathitt County alone could furnish about 900 men and 600 women included in the totals.

In addition to the substantial labor supply, the aging of the population into the 18-year of age and up brackets during the next ten years will furnish a continuing supply of workers in this area. During this period 2,776 men and 2,794 women will probably be available for industrial jobs from Breathitt County with an additional 900 men and 600 women furnished by other counties in the area for jobs located at Jackson.

Existing Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Product</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grigsby Lumber Co.</td>
<td>Lumber</td>
<td>M: 15 F: 0</td>
</tr>
<tr>
<td>Holliday Publications</td>
<td>Newspaper publisher, job printing</td>
<td>13 2 15</td>
</tr>
<tr>
<td>Pepsi-Cola Bottling Co.</td>
<td>Carbonated beverages</td>
<td>--</td>
</tr>
<tr>
<td>Royal Crown Bottling Co.</td>
<td>Royal Crown Cola, Nehi, Upper 10</td>
<td>6 1 7</td>
</tr>
</tbody>
</table>
Coal Mining Companies (Breathitt County)*

**Bryant Coal Co.**
**Pond Creek Pocahontas Co.**
Redwine, M. M.
Vires, H. C.
Watts Coal Co.

Breathitt County produced 760,774 tons of coal during 1952.

*This list includes all railroad mining companies reporting to the Department of Mines and Minerals and all truck mining companies producing more than 10,000 tons in 1952. Mines located on railroads are marked **.*

Union Affiliations - United Mine Workers of America

TRANSPORTATION:

Railroads - Jackson is served by the L & N Railroad Company. There is one passenger train arriving from the south daily and one from the north daily. Trains to the south connect with bus lines at Hazard, and trains to the north connect with the L & N and C & O at Winchester, and with the L & N, C & O, and Southern at Lexington.

Local freight is received from 2 daily southbound trains and forwarded via one northbound train which operates every other day. The nearest terminal facilities are at the L & N marshalling yard at Ravenna.

Pick-up and delivery service is available at Jackson.

Inbound Carloads per Month - 62 with principal commodities consisting of building materials, gasoline, fertilizer, and staples.

Outbound Carloads per Month - 215 with principal commodities consisting of coal, rough lumber and railroad ties.
Highways - Ky. 15 and 30.

Highway Distances To

- Atlanta, Ga.  438 - Louisville, Ky.  174
- Birmingham, Ala.  468 - Mobile, Ala.  550
- Chicago, Ill.  455 - Nashville, Tenn.  317
- Cincinnati, O.  173 - New York N. Y.  724
- Cleveland, O.  373 - Pittsburgh, Pa.  365
- Detroit, Mich.  420 - St. Louis, Mo.  425
- Knoxville, Tenn.  204 - Washington, D. C.  521

Truck Lines Serving Jackson - Pinson Transfer Co., Pikeville;
Hazard Express, Lexington; Callahan Truck Line, Jackson.

Bus Lines Serving Jackson - Greyhound Lines with 4 busses daily
north to Lexington, and 4 daily from Lexington; 4 daily south to
Hazard and 4 daily from Hazard.
Black Bros. Bus Line with 2 round trips daily between Jackson
and Richmond, via Irvine, Beattyville, and Barbourville. Daily
service is also available north to Salyersville.

Air - The nearest commercial airport is Blue Grass Field, Lexington,
97 miles distant.

Communications:

Postal Facilities - Jackson has a second class post office with
4 permanent employees, and 3 star routes. Mail is received and sent
out 4 times daily via railroad and highway mail bus. Postal receipts
for 1952 were approximately $19,000.

Telephone - Telephone service is provided by the Southern Bell
Telephone Company with 9 employees. There are 475 subscribers.
(See Appendix B-1 for rates).
UTILITIES:

Electricity - Jackson is served by the Kentucky & West Virginia Power Company with a 33,000 volt, 3-phase line. (See Appendix B-2 for rates).

Natural Gas - The Pan Bowl Natural Gas Company, a privately owned company, serves Jackson. The source of supply is a local gas field. High pressure 3-inch lines transport the gas from the producing field to the city where it is distributed through a grid system of 4", 3" and 2" lines to the consumer. The gas has a BTU content of 1100 and pressure of 300 psi. (See Appendix B-3 for rates).

Water - The Jackson Waterworks, a privately owned company, provides water for Jackson. Source of raw water is the Kentucky River. Capacity of the filtration plant is approximately 250 gpm. Water is treated with chlorine, alum and lime. Maximum daily use is 100,000 gallons. Storage is provided by 2 standpipes with a total capacity of 200,000 gallons. Water is distributed through a grid system of 10", 8", 6" lines and a pressure of 85 psi is maintained. (See Appendix B-4 for rates).

Sewage - Separate storm and sanitary sewers are provided with the effluent being discharged into the Kentucky River. Sewer mains are 8" lines. There is no sewage charge.

CITY GOVERNMENT AND SERVICES:

Type Government - Jackson, a fourth class city, is governed by a mayor, elected for 4 years, and 6 councilmen, elected for 2 years.
Tax Rates and Laws

Property Tax Rates per $100*

<table>
<thead>
<tr>
<th></th>
<th>Within City Limits</th>
<th>Outside City Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>$ .05</td>
<td>$ .05</td>
</tr>
<tr>
<td>County</td>
<td>.70</td>
<td>.70</td>
</tr>
<tr>
<td>City</td>
<td>.75</td>
<td></td>
</tr>
<tr>
<td>School</td>
<td>1.50</td>
<td>1.50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3.00</strong></td>
<td><strong>$2.25</strong></td>
</tr>
</tbody>
</table>

*Kentucky Property Tax Rates 1952, Department of Revenue.

(See Appendix C for Kentucky Corporation Tax Information).

Ratio of Assessment to Market Value - City - 40%
County - 40%

Total Assessment - City - $874,350
County - $6,207,010

City Bonded Indebtedness - None

County Bonded Indebtedness - Voted road and bridge bonds -
$144,000 issued June 1, 1941 @ 4%, $74,000 outstanding, mature in 1981; voted road and bridge bonds - $22,000 issued June 1, 1945 @ 3%, $21,000 outstanding, mature in 1975; non-voted funding bonds - $92,000 issued June 1, 1942 @ 3%, $67,000 outstanding, mature serially 1954 through 1982 (there is a sinking fund of $2,149.22 to be applied on this issue); non-voted funding bonds - $37,208.75 issued June 1, 1948 @ 3 3/4%, all outstanding, mature serially June 1, 1959 through 1978.

1952 City Income - $31,632.04

1952 City Expenses - $21,228.09
1952 County Income - $114,157.52

1952 County Expenses - $113,271.82

Laws Affecting Industry (See Appendix D for statute governing the bond issue plan).

Exemption to Industry - City - 5 years. State law permits the five-year local tax exemption which cannot be extended.

City Services

Fire Protection - Volunteer fire department with a chief and 15 volunteers. Equipment includes: one 1944 Ford pumper with a 600 gpm capacity, 300 gallon booster tank, 1000 feet of 2 1/2 inch hose, 200 feet of 1 1/2 inch hose, and 200 feet of 1 inch hose. There are 50 fire hydrants in the city, and water pressure of 85 psi is maintained. The fire insurance rating is 7th class.

Police Protection - Chief and one patrolman. The patrol car is privately owned.

Streets - Jackson has 3 1/2 miles of paved streets. Streets in the downtown area are cleaned daily. Maintenance is done by contract.

Garbage - Municipal collection in city twice weekly. Disposal is by means of a sanitary fill.

LOCAL CONSIDERATIONS:

Health -

Doctors - MD's - 3; Dentists - 1
Public Health Program - The Health Department personnel includes a county health administrator, 2 RN's, a sanitarian, and a clerk. Health services include: communicable disease control, maternal and child health, school health, vital statistics, and sanitation.

<table>
<thead>
<tr>
<th>Schools</th>
<th>Elementary</th>
<th>High School</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Enrollment</td>
<td>Teachers</td>
</tr>
<tr>
<td>City (W)</td>
<td>315</td>
<td>7</td>
</tr>
<tr>
<td>(C)</td>
<td>15</td>
<td>1</td>
</tr>
<tr>
<td>County</td>
<td>1,674</td>
<td>46</td>
</tr>
<tr>
<td>Private</td>
<td>181</td>
<td>9</td>
</tr>
<tr>
<td>Parochial</td>
<td>54</td>
<td>2</td>
</tr>
</tbody>
</table>

There is 1 city elementary and 1 city high school; 7 county elementary and 1 county high school; 5 private elementary and 4 private high schools; 1 parochial elementary and 1 parochial high school.

Colleges - Lee Jr. College, Jackson (denominational); Eastern State College Richmond (74 miles); University of Kentucky and Transylvania College, Lexington (97 miles).

Churches - The following denominations are represented at Jackson: Baptist, Methodist, Presbyterian, and Christian.

Libraries - Lee Jr. College Library which is open to the public.

Recreation - There are 2 downtown theaters which change programs 3 to 4 times weekly, and 1 drive-in theater which also changes programs 3 to 4 times weekly. A playground is provided at Lee Jr. College.
Housing - Most of the residents of Jackson own their homes, and there are a few rental units available. Rental of a 2-bedroom house is $40 to $60 per month. Construction cost of a 2-bedroom home varies from $7,500 to $10,000 depending upon material and type of construction.

Tourist Accommodations - There are 2 hotels with a total of 50 rooms, and 2 motels with a total of 19 units.

Newspapers - Jackson Times (weekly) with a circulation of 2,150.

Radio Stations - Station WMTC (AM), 1000 watts (day only), 730 kilocycles. Station is at Van Cleve, Kentucky.

Banks - The First National Bank with total deposits of $2,335,000 and total resources of $2,525,000. (Bank statement as of 6/30/53, Kentucky Bank Directory - Mid-1953.)

Retail Businesses

<table>
<thead>
<tr>
<th>Type</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto dealers</td>
<td>4</td>
</tr>
<tr>
<td>Clothing</td>
<td>3</td>
</tr>
<tr>
<td>Department stores</td>
<td>7</td>
</tr>
<tr>
<td>Drugs-sundries</td>
<td>3</td>
</tr>
<tr>
<td>Groceries</td>
<td>10</td>
</tr>
<tr>
<td>Hardware</td>
<td>4</td>
</tr>
<tr>
<td>Variety</td>
<td>1</td>
</tr>
</tbody>
</table>

Service Establishments

<table>
<thead>
<tr>
<th>Type</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbershops</td>
<td>4</td>
</tr>
<tr>
<td>Beauty shops</td>
<td>3</td>
</tr>
<tr>
<td>Dry cleaners</td>
<td>2</td>
</tr>
<tr>
<td>Mortuary</td>
<td>1</td>
</tr>
<tr>
<td>Restaurants</td>
<td>11</td>
</tr>
<tr>
<td>Service Stations</td>
<td>3</td>
</tr>
</tbody>
</table>

Clubs and Organizations -

Civic - Kiwanis

Fraternal - Masonic, Blue Lodge, Royal Arch, Knights of Pythias.

Women's Clubs - Eastern Star, DAR, Woman's Club, Garden Club.

Youth - Boy Scouts, Brownies, FFA, 4-H
<table>
<thead>
<tr>
<th>Climate</th>
<th>Temperature Precipitation 6:30 a.m.</th>
<th>Relative Humidity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12:30 p.m.</td>
<td>6:30 p.m.</td>
</tr>
<tr>
<td></td>
<td>(30-yr. rec.)</td>
<td>(30-yr. rec.)</td>
</tr>
<tr>
<td>Jan.</td>
<td>35.7</td>
<td>4.51</td>
</tr>
<tr>
<td>Feb.</td>
<td>37.7</td>
<td>3.68</td>
</tr>
<tr>
<td>Mar.</td>
<td>45.8</td>
<td>4.92</td>
</tr>
<tr>
<td>Apr.</td>
<td>55.3</td>
<td>3.81</td>
</tr>
<tr>
<td>May</td>
<td>64.5</td>
<td>4.06</td>
</tr>
<tr>
<td>June</td>
<td>72.7</td>
<td>4.52</td>
</tr>
<tr>
<td>July</td>
<td>76.2</td>
<td>5.05</td>
</tr>
<tr>
<td>Aug.</td>
<td>75.1</td>
<td>4.31</td>
</tr>
<tr>
<td>Sept.</td>
<td>69.7</td>
<td>3.07</td>
</tr>
<tr>
<td>Oct.</td>
<td>57.6</td>
<td>2.87</td>
</tr>
<tr>
<td>Nov.</td>
<td>48.5</td>
<td>2.70</td>
</tr>
<tr>
<td>Dec.</td>
<td>37.0</td>
<td>3.86</td>
</tr>
</tbody>
</table>

Ann. Norm. 56.1  46.36 inches

Prevailing Winds (62-yr. rec.) - from southwest

Percent of Possible Sunshine (34-yr. rec.) - Annual - 52%

Days Cloudy or Clear (62-yr. rec.) - Clear - 129
Partly Cloudy - 106
Cloudy - 130

Days With - Prec. over 0.01 inch (66-yr. rec.) - 133
1.0 or more snow, sleet, hail (62-yr. rec.) - 6
Thunderstorms (62-yr. rec.) - 44
Heavy Fog (44-yr. rec.) - 11

Seasonal Heating Degree Days (49-yr. rec.) - long-term means, 4,763 degree days.

Frost Free Period - April 23 - October 19; growing season 178 days

RESOURCES:

Coal - Coal is the most important mineral resource. Breathitt County is the twelfth largest coal producing county in the State. In 1952, about 760,774 tons were produced. Rail tonnage amounted to about 637,959
tons and truck tonnage totaled about 122,815 tons. Over 230,000 tons were strip rail tonnage.

**Petroleum and Natural Gas** - About 2,420 barrels of crude oil were produced in 1951.

**Sand** - Sands, suitable for some general construction purposes, occur. Some local sandstones might be used for local building construction and some highway purposes.

**Clays** - Local clays can be used for common brick and tile manufacture.

**AVAILABLE INDUSTRIAL SITES:**

For information on industrial sites, contact the Jackson Kiwanis Club, Jackson, Kentucky; or the Kentucky Agricultural & Industrial Development Board, Capitol Annex Office Building, Frankfort, Kentucky.
<table>
<thead>
<tr>
<th><strong>APPENDIX</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>History and General Description</strong></td>
</tr>
<tr>
<td><strong>Telephone Rates</strong></td>
</tr>
<tr>
<td><strong>Power Rates</strong></td>
</tr>
<tr>
<td><strong>Gas Rates</strong></td>
</tr>
<tr>
<td><strong>Water Rates</strong></td>
</tr>
<tr>
<td><strong>Kentucky Corporation Tax Information</strong></td>
</tr>
<tr>
<td><strong>Kentucky Revised Statutes</strong></td>
</tr>
<tr>
<td><strong>Cooperating State Agencies</strong></td>
</tr>
</tbody>
</table>
HISTORY AND GENERAL DESCRIPTION

Jackson, the county seat of Breathitt County, Kentucky, is located in the central part of the Eastern Kentucky Highlands. The first settlement was made in 1840, and in 1845 was named Jackson in honor of General Andrew Jackson.

In the late eighties the approach of the Kentucky Union Railroad resulted in a boom that reached its peak shortly after 1891, at which time the railroad reached Jackson, and made the town its eastern terminal. The town was incorporated the same year. For the next 20 years, Jackson was the trading center for eastern Kentucky. During that time various industries were established, among them a brick plant, coal mines, and a number of large sawmills.

In 1912 the railroad was extended 45 miles to Hazard, Kentucky. Still later it was extended to its present terminal at Neon, Kentucky. From this time Jackson's importance as a trading center diminished. The virgin timber was rapidly exploited, and in 1925 the last of the large sawmills was shut down. More accessible coal deposits were discovered farther east and coal production fell off. During the past few years, the C & O Railroad built a spur line into the northeast corner of the county to open a high producing coal field. Except for this isolated area the balance of the coal production comes from small truck mines.

Except for mining and the operation of numerous portable sawmills, the county is non-industrial and non-agricultural. Most of the county's farming is of the subsistence type. Roughly 70 percent of the county is wooded and it appears that the most dependable source of income for the future is the timber, a renewal natural resource. The area can and would support several small wood-using industries which would consume the native species available.
Appendix B

TELEPHONE RATES - Appendix B-1

<table>
<thead>
<tr>
<th></th>
<th>Individual</th>
<th>Two-party</th>
<th>Four-party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>$5.25</td>
<td>$4.50</td>
<td>$4.00</td>
</tr>
<tr>
<td>Residential</td>
<td>2.50</td>
<td>2.00</td>
<td>1.75</td>
</tr>
</tbody>
</table>

POWER RATES - Appendix B-2 (General Service)

Kwhrs equal to first 50 times of kw of monthly billing demand:
- First 30 kwhrs: 5.0¢ per kwhr.
- Over 30 kwhrs: 4.0¢ per kwhr.

Kwhrs equal to next 150 times kw of monthly billing demand:
- First 3,000 kwhrs: 2.4¢ per kwhr.
- Over 3,000 kwhrs: 1.5¢ per kwhr.

Kwhrs in excess of 200 times kw of monthly billing demand: 1.0¢ per kwhr.

GAS RATES - Appendix B-3

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>$1.50 per M cu.ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>1,000 cu.ft.</td>
<td></td>
</tr>
<tr>
<td>Next</td>
<td>2,000 cu.ft.</td>
<td>.75 per M cu.ft.</td>
</tr>
<tr>
<td>Next</td>
<td>5,000 cu.ft.</td>
<td>.70 per M cu.ft.</td>
</tr>
<tr>
<td>Next</td>
<td>12,000 cu.ft.</td>
<td>.65 per M cu.ft.</td>
</tr>
<tr>
<td>Over</td>
<td>20,000 cu.ft.</td>
<td>.55 per M cu.ft.</td>
</tr>
</tbody>
</table>

WATER RATES - Appendix B-4

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>$2.50 per M gal.</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>1,000 gal.</td>
<td></td>
</tr>
<tr>
<td>Next</td>
<td>4,000 gal.</td>
<td>.85 per M gal.</td>
</tr>
<tr>
<td>Next</td>
<td>2,000 gal.</td>
<td>.80 per M gal.</td>
</tr>
<tr>
<td>Next</td>
<td>3,000 gal.</td>
<td>.75 per M gal.</td>
</tr>
<tr>
<td>Next</td>
<td>5,000 gal.</td>
<td>.70 per M gal.</td>
</tr>
<tr>
<td>Next</td>
<td>5,000 gal.</td>
<td>.55 per M gal.</td>
</tr>
<tr>
<td>Next</td>
<td>10,000 gal.</td>
<td>.40 per M gal.</td>
</tr>
<tr>
<td>Next</td>
<td>20,000 gal.</td>
<td>.30 per M gal.</td>
</tr>
<tr>
<td>Next</td>
<td>50,000 gal.</td>
<td>.25 per M gal.</td>
</tr>
<tr>
<td>Over</td>
<td>100,000 gal.</td>
<td>.15 per M gal.</td>
</tr>
</tbody>
</table>
Corporation Organization Tax

Domestic corporations having capital stock divided into shares are required to pay an organization tax to the Secretary of State at the time of corporation. The tax is based upon the number of shares authorized:

<table>
<thead>
<tr>
<th>Shares Authorized</th>
<th>Rate Per Share (Par Value)</th>
<th>Rate Per Share (No Par Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 20,000 shares</td>
<td>1¢</td>
<td>1/2¢</td>
</tr>
<tr>
<td>20,001 through 200,000 shares</td>
<td>1/2¢</td>
<td>1/4¢</td>
</tr>
<tr>
<td>Over 200,000 shares</td>
<td>1/5¢</td>
<td>1/5¢</td>
</tr>
</tbody>
</table>

The minimum tax is $10. If additional shares are authorized the tax is computed on the basis of the total number of shares, as amended, and the tax due in excess of that already paid must be paid at the time the amendment to the articles of incorporation is filed.

The tax applies to the capital of foreign corporations in case of merger or consolidation with a Kentucky corporation.

Corporation License Tax

All corporations except foreign insurance companies, domestic life insurance companies, building and loan associations, banks and trust companies, race track corporations, and franchise paying corporations are liable for the state corporation license tax of 70¢ on each $1,000 value of capital stock represented by property owned or business transacted in Kentucky. The minimum license tax is $10. An annual report of facts concerning the corporation and its business is required to be filed with the Department of Revenue not later than the 15th day of the 4th month following the close of the corporation's taxable year. The amount of the tax is computed from this return. The corporation income and license tax returns have been consolidated. Tax payment is due within 30 days after certification of the assessment of its capital stock.

Corporation Income Tax

The corporation income tax of 4 1/2% applies to the entire net income allocable to this state. Federal income taxes are allowed as a deduction. State and national banks, trust companies, domestic building and loan associations, insurance companies, and non-profit corporations are exempt from the tax. Payment is due on the 15th day of the fourth month after the close of the tax year. Payment of one-third of the tax may be deferred until the 15th day...
of the seventh month and an additional one-third until the 15th day of the 11th month following the close of the tax year without interest.

Interest, dividends, rents and royalties, and capital gains not received in connection with the regular business of a corporation are subject to taxation by this state only when such income is received from sources within this state.

Kentucky's portion of taxable corporate income derived from public utilities and the manufacture and sale of tangible property is determined by applying to net income an average of the ratios of the value of tangible property, payroll, and amount of sales in this state to the total value of tangible property, payroll, and amount of sales of the corporation.

In general, this same method is used for allocating taxable income of corporations engaged in other types of business.

**Franchise Company Taxes**

Property of franchise companies (public service companies, railroad companies, common carrier trucking companies, etc.) is subject to taxation at the following rates per $100 value: real, 5¢; tangible personal, 50¢; non-operating intangible property, 25¢; manufacturing machinery, 50¢; franchise and rolling stock of car line companies, $1.50; and franchise (value over and above the actual value of tangible property), 50¢. With the exception of manufacturing machinery, franchise and rolling stock of car line companies, and non-operating intangibles, such property is also subject to local taxation.

Franchise companies must, between January 1 and March 31, file an annual report of its operations during the past calendar year. Assessment of franchise property is made by the Department of Revenue as of December 31 of each year. The total over-all value of the company is fixed by various means, among which are (1) capitalizing net utility operating income and (2) determining the market value of the company's stocks and bonds.

Tax payment is due within 30 days after the department's assessment becomes final.

**General Property Taxes**

Kentucky's constitution provides that all property, unless specifically exempt, shall be subject to property taxation. Assessments are required to be at fair cash value. Classification is provided. Kentucky courts have consistently held that uniformity takes precedence over full value. The statewide assessment level on real estate is not more than 40%, on tangible personalty considerably less than 40% generally, and on intangible personalty approximately full value.
Both foreign and domestic corporations, other than franchise companies, must pay general property taxes on tangible property situated within this state and on intangible property which has acquired a situs in Kentucky at the following rates per $100 value: real property, 5¢; agricultural products, 25¢; other tangible personalty, 50¢; bank deposits, 10¢; brokers accounts receivable, 10¢; and other intangible property, 25¢. Manufacturing machinery, all intangibles except bank shares, and livestock are exempt from local taxation. Agricultural products in storage may be taxed by counties at the rate of 15¢ per $100. Real estate and all other tangible personalty are subject to full local levies.

County rates have a maximum of 70¢ but average about 65¢; school rates average $1.45 with a maximum of $1.50 except for special voted levies not to exceed 50¢. City rates average about 75¢ with a maximum of $1.50 for cities over 15,000 population.

The Department of Revenue assesses bank deposits in Kentucky banks as of September 1 and distilled spirits and marginal accounts as of January 1. Tax payment is due on bank deposits on or before November 1 following the assessment date and on marginal accounts within 30 days after the department renders its tax bill to the taxpayer. The tax on distilled spirits may be paid tri-annually on January 1, May 1, and September 1, or annually between September 1 and January 1.

Other property is assessed for state, county, and county school taxes by county tax commissioners, and must be listed as of January 1 between January 1 and March 1. Tax payment is due between the following September 15 and January 1; if rendered before November 1 a discount of 2% applies. Exceptions are money in hand, deposits in out-of-state banks, and tobacco, which are assessed as of September 1; tax payments are due the second succeeding September 15.

City and city school assessment and payment dates vary.

Special Taxes

Banks and trust companies, building and loan associations, and insurance companies, which are exempt from corporation license and income taxes, are subject to special taxes.

Banks - Each bank and trust company is required to pay for its stockholders an annual state tax of 50¢ per $100 value of its capital stock. An annual report to the Department of Revenue and to the assessing officer of the county, city, and school district in which it is located is required by February 1. Tax payment, subject to a 2% discount if paid by November 1, is due between September 15 and December 31 following the assessment date. The assessed value of tangible property may be deducted from the total value of its shares.
Maximum local rates per $100 are: counties, 20¢; cities, 20¢; and school districts, 40¢.

Building and Loan Associations - A state tax of 10¢ per $100 is levied on capital stock of domestic building and loan associations in lieu of all other state and local taxes. A report to the Department of Revenue as of January 1 is required by January 31 of each year. Tax payment is due by July 1 of the same year. Shares of borrowing members where the amount borrowed equals or exceeds the amount paid in by those members are exempt from taxation.

Foreign building and loan associations are required to pay an annual tax of $3 on each $100 received from shareholders residing in this state, less the amount loaned to shareholders residing in the state. A report must be filed with the Department of Banking on January 1 each year.
This Statute was held constitutional by the Court of Appeals of Kentucky in a decision rendered on July 14, 1950, in the case of E. P. Faulconer, et. al., vs. the City of Danville, Kentucky, et. al.

Distributed by the
Agricultural and Industrial Development Board of Kentucky

Frankfort, Kentucky
INDUSTRIAL BUILDINGS FOR CITIES GENERALLY

103.200 Definitions for KRS 103.200 to 103.280. As used in KRS 103.200 to 103.280, "industrial building" means any building or structure suitable for and intended for use as a factory, mill, shop, processing plant, assembly plant, or fabricating plant, to be rented or leased to an industrial concern by the city by which it is acquired.

103.210 Issuance of Bonds. In order to promote the reconversion to peace-time economy, to relieve the conditions of unemployment, to aid in the rehabilitation of returning veterans and to encourage the increase of industry in this state, any city may borrow money and issue negotiable bonds for the purpose of defraying the cost of acquiring any industrial building, either by purchase or construction, but only after an ordinance has been adopted by the legislative body of the city specifying the proposed undertaking, the amount of bonds to be issued, and the maximum rate of interest the bonds are to bear. The ordinance shall further provide that the industrial building is to be acquired pursuant to the provisions of KRS 103.200 to 103.280.

103.220 Interest on Bonds; terms. (1) The bonds may be issued to bear interest at a rate not to exceed six percent per annum, payable either annually or semi-annually, and shall be executed in such manner and be payable at such times not exceeding twenty-five years from date thereof and at such place or places as the city legislative body determines.

(2) The bonds may provide that they or any of them may be called for redemption prior to maturity, on interest payment dates not earlier than one year from the date of issuance of the bonds, at a price not exceeding 103 and accrued interest, under conditions fixed by the city legislative body before issuing the bonds.

103.230 Bonds negotiable; disposal; payable only from revenue. Bonds issued pursuant to KRS 103.200 to 103.280 shall be negotiable. If any officer whose signature or countersignature appears on the bonds or coupons ceases to be such officer, before delivery of the bonds, his signature or countersignature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until delivery. The bonds shall be sold in such manner and upon such terms as the city legislative body deems best, or any contract for the acquisition of any industrial building may provide that payment shall be made in such bonds. In no event shall any bonds be negotiated on a basis to yield more than 6% except as provided in subsection (2) in KRS 103.220. The bonds shall be payable solely from the revenue derived from the building, and shall not constitute an indebtedness of the city within the meaning of the Constitution.
It shall be plainly stated on the face of each bond that it has been issued under the provisions of KRS 103.200 to 103.280 and that it does not constitute an indebtedness of the city within the meaning of the constitution.

103.240 Use of proceeds of bonds. All money received from the bonds shall be applied solely for the acquisition of the industrial building, and the necessary expense of preparing, printing and selling said bonds, or to advance the payment of interest on the bonds during the first three years following the date of the bonds.

103.250 Receiver in case of default. If there is any default in the payment of principal or interest of any bond, any court having jurisdiction of the action may appoint a receiver to administer the industrial building on behalf of the city, with power to charge and collect rents sufficient to provide for the payment of any bonds or obligations outstanding against the building, and for the payment of operating expenses, and to apply the income and revenue in conformity with KRS 103.200 to 103.280 and the ordinance referred to in KRS 103.210.

103.260 Application of revenue; charges for use. (1) At or before the issuance of bonds the city legislative body shall, by ordinance, set aside and pledge the income and revenue of the industrial building into a separate and special fund to be used and applied in payment of the cost thereof and in the maintenance, operation and depreciation thereof. The ordinance shall definitely fix and determine the amount of revenue necessary to be set apart and applied to the payment of principal and interest of the bonds, and the proportion of the balance of the income and revenue to be set aside as a proper and adequate depreciation account, and the remaining proportion of such balance shall be set aside for the reasonable and proper operation and maintenance of industrial building.

(2) The rents to be charged for the use of the building shall be fixed and revised from time to time so as to be sufficient to provide for payment of interest upon all bonds and to create a sinking fund to pay the principal thereof when due, and to provide for the operation and maintenance of the building and an adequate depreciation account.

103.270 Depreciation account. (1) If a surplus is accumulated in the operating and maintenance funds equal to the cost of maintaining and operating the industrial building during the remainder of the calendar, operating or fiscal year, and during the succeeding like year, any excess over such amount may be transferred at any time by the city legislative body to the depreciation account, to be used for improvements, extensions or additions to the building.
(2) The funds accumulating to the depreciation account shall be expended in balancing depreciation in the industrial building or in making new constructions, extensions or additions thereto. Any such accumulations may be invested as the city legislative body may designate, and if invested the income from such investment shall be carried into the depreciation account.

103.280 Additional Bonds. (1) If the city legislative body finds that the bonds authorized will be insufficient to accomplish the purpose desired, additional bonds may be authorized and issued in the same manner.

(2) Any city acquiring any industrial building pursuant to the provisions of KRS 103.200 to 103.280 may, at the time of issuing the bonds for such acquisition, provide for additional bonds for extensions and permanent improvements, to be placed in escrow and to be negotiated from time to time as proceeds for that purpose may be necessary. Bonds placed in escrow shall, when negotiated, have equal standing with the bonds of the same issue.

(3) The city may issue new bonds to provide funds for the payment of any outstanding bonds, in accordance with the procedure prescribed by KRS 103.200 to 103.280. The new bonds shall be secured to the same extent and shall have the same source of payment as the bonds refunded.

The Following Amendment was made to KRS 103.200 to 103.280 by the 1952 Kentucky Legislature.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF KENTUCKY:

Section 103.200 of the Kentucky Revised Statutes is amended to read as follows:

As used in KRS 103.200 to 103.280, "industrial building" or "buildings" means any building or structure suitable for and intended for use as a factory, mill, shop, processing plant, assembly plant, or fabricating plant, and/or the necessary operating machinery and equipment, to be rented or leased to an industrial concern by the city by which it is acquired.
Appendix E

COOPERATING STATE AGENCIES

As a state, Kentucky realized the importance of industry in developing her many resources. In addition to the Agricultural and Industrial Development Board, which was created for the express purpose of promoting the economic development of the Commonwealth, there are many state agencies actively engaged in programs, which, directly or indirectly, contribute materially to the solution of problems which affect our industrial growth.

The Kentucky Highway Department, in planning its program of development and expansion, gives every consideration to the needs of existing and proposed industries. During the year, 1950, 2,461 miles of highway and bridges were placed under contract at a total cost of $35,000,000. This brings the total of the last three years to more than $88,000,000 for 7,000 miles of highway construction. In national standing, according to the United States Bureau of Public Roads, Kentucky was 7th in the number of miles of highway construction placed under contract in 1950, and 11th in the amount of money spent. If the national war emergency does not interfere, they expect to exceed this figure in 1951.

The Kentucky Department of Economic Security stands ready at all times to assist new industries in determining sources of various classes of labor, prevailing labor rates, and labor practices throughout the State. In addition, they provide, on request, a labor procurement and counseling service for existing industries.

The Kentucky Department of Industrial Relations has been highly successful in its relations with both management and labor. Representatives of this department are available at all times to consult with industries on any matter in which they can be of service.

The Kentucky Department of Revenue offers the services of its tax consultants to industries seeking locations within the State, as well as to resident industries.

Established industries have found the State to be considerate of their welfare and we welcome the opportunity to introduce representatives of prospective new industries to their choice of our present family of industries.

The Kentucky Agricultural and Industrial Development Board takes pride, not only in the services it has to offer to industries seeking locations in Kentucky, but in the service it attempts to render on a continuing basis to existing industry.