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Industrial Resources - Garrard County - Lancaster

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ECONOMIC & INDUSTRIAL
SURVEY

of

Lancaster, Ky.



Prepared By

GARRARD COUNTY BOARD OF COMMERCE

— and —

THE AGRICULTURAL & INDUSTRIAL DEVELOPMENT BOARD

— of —

KENTUCKY

ECONOMIC & INDUSTRIAL SURVEY

OF

LANCASTER, KENTUCKY

Prepared by

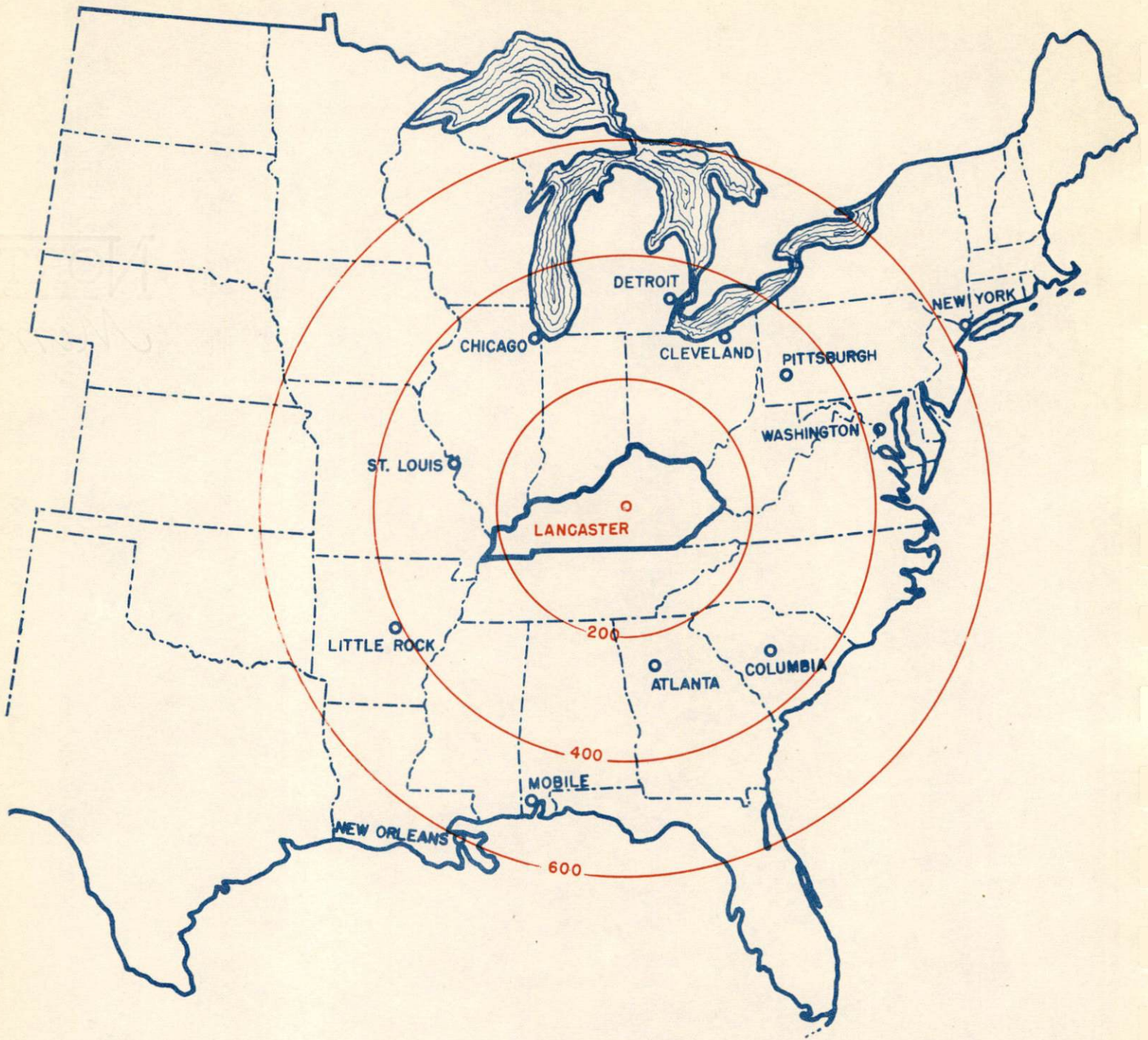
The Garrard County Board of Commerce
and

The Kentucky Agricultural & Industrial Development Board

January 3, 1952



AERIAL VIEW OF LANCASTER



LANCASTER, KENTUCKY

HAS 50,000,000 CUSTOMERS
WITHIN ITS MARKET AREA

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LANCASTER, KENTUCKY

Lancaster, located 35 miles south of Lexington on U. S. #27, is the seat of government for Garrard County. (See Appendix A for History and General Description).

POPULATION AND LABOR:

Population Figures 1850 to 1950

	<u>Lancaster</u>	<u>Garrard County</u>
1850	----	10,237
1860	721	10,531
1870	741	10,376
1880	1,234	11,704
1890	----	11,138
1900	1,640	12,042
1910	1,507	11,894
1920	2,166	12,503
1930	1,630	11,562
1940	1,999	11,910
1950	2,402	11,029

Population Characteristics - The population of Lancaster has shown an increase of 20.2% during the past decade, while the population of Garrard County has shown a decrease of 7.4% during the same period. 88.3% of the county population are native-born white, 0.1% foreign-born white, and 11.6% negro.

Labor Market Area - The labor market area of Lancaster would include Garrard, Mercer, Boyle, Lincoln, Rockcastle, and Madison Counties.

Industrial Pattern - Employment in this area is predominantly agricultural. The 1950 Census of Agriculture reports 18,088 persons working on 10,479 farms. Total value of products sold in 1949 was less than \$600 on 3,102 of these farms and less than \$1,000 on 1,440 additional farms.

Employment covered by unemployment insurance was 8,315 in June, 1951. Of this total 3,179 workers, or 38.2%, were employed in Boyle County, and only 626, or 7.5% in Garrard County. Manufacturing employment in the area was 2,990 in June, 1951, with 311, or 10.4% of these jobs in Garrard County and 952 or 31.8% in Boyle County. Clothing, textiles, and leather products dominate manufacturing employment in Garrard, Boyle, and Mercer Counties, with machinery, metal products, and equipment dominant in Madison County. In the area there are more than 6 persons employed in agriculture for every one employed in manufacturing; in Garrard County this ratio is 10 to 1. (See Appendix B for table showing number of workers covered by unemployment insurance).

Labor Supply - Within the six-county Lancaster commuting area, an estimated 4,000 to 5,000 workers could be recruited for factory jobs if available. About one-half of these would be men and one-half women. In Garrard County alone approximately 750 to 1,000 workers would probably be available with from 350 to 500 of these being women. Most of the female labor supply would consist of women entering the labor market or shifting from other jobs; the male labor supply would consist of men from low income farms.

Existing Industry

<u>Industry</u>	<u>M</u>	<u>F</u>	<u>T</u>	
Cowden Mfg. Co.*	Men's work clothes	15	270	285
Garrard Mill	Feeds	8	0	8
Lancaster Concrete Block Co.	Concrete blocks	8	0	8
		<u>31</u>	<u>270</u>	<u>301</u>

Union Affiliations - *A.F. of L - local 329

TRANSPORTATION:

Railroads - Lancaster is served by the Louisville & Nashville Railway Company.

Approximate Transit Times

Atlanta, Ga.	28 1/2 hrs.	Nashville, Tenn.	38 hrs.
Chicago, Ill.	58 1/2 hrs.	New Orleans, La.	71 hrs.
Cleveland, Ohio	46 hrs.	New York, N. Y.	79 1/2 hrs.
Detroit, Mich.	66 hrs.	Pittsburgh, Pa.	52 hrs.
Knoxville, Tenn.	20 hrs.	E. St. Louis, Ill.	53 1/2 hrs.
Mobile, Ala.	65 1/2 hrs.	Washington, D. C.	81 hrs.

Highways - U. S. #27; Ky. #39, #52

Highway Distances to

Atlanta, Ga.	375	Lexington, Ky.	35
Birmingham, Ala.	386	Louisville, Ky.	99
Chicago, Ill.	387	Mobile, Ala.	628
Cincinnati, Ohio	120	Nashville, Tenn.	192
Detroit, Mich.	376	Pittsburgh, Pa.	418
Knoxville, Tenn.	180	St. Louis, Mo.	363

Bus Lines - Southeastern Greyhound with 9 busses daily; Black Bros. Bus Lines with 4 busses daily.

Truck Lines - Common carrier truck operators serving Lancaster are McDuffee Motor Freight, Sutton Transfer Line, L & N Truck Line, and Eldridge Truck Line.

Air - The nearest commercial airport is Blue Grass Field at Lexington, 35 miles distant, which is served by Delta, Piedmont, and Eastern Airlines.

COMMUNICATIONS:

Postal Facilities - Lancaster is served by a second class post office with 14 permanent employees. There are 4 rural routes, 2 city routes, and 2 star routes. Mail is received 4 times daily. Postal receipts for 1950 totaled \$21,053.54.

Telephone and Telegraph - The Ashland Home Telephone Company, with 21 employees, serves Lancaster. There are 794 subscribers within the city limits. (See Appendix C-1 for rates).

UTILITIES:

Electricity - Power is provided by the Kentucky Utilities Company from a 33,000 volt transmission switching station located within the Lancaster city limits. High voltage lines from five different directions meet to provide possible sources of local power. A 66,000 volt line connecting the Mountain Division power pool with the Central Division power pool skirts the eastern city limits. Dix Dam Hydro Electric Project, where the company's main dispatching station is located, is on Dix River between Garrard and Mercer Counties and only 14 1/2 miles from Lancaster. REA lines serve a large percentage of the rural area. (See Appendix D for rates).

Gas - Natural gas is supplied by the Western Kentucky Natural Gas Company. (See Appendix C-2 for rates).

Water - Modernization and expansion of the water system is now under way (estimated cost \$221,744) and is scheduled for completion early in 1952. Storage capacity from earth filled dams will total 80,000,000 gallons. Elevated tank has 100,000 gallon capacity. Designed capacity of the filtration plant is 621,000 gallons per day. Pressure is maintained at 65 pounds per square inch in the downtown area. (See Appendix C-3 for rates).

Sewage - A sanitary sewage system is being extended into areas not now served, necessitating two new pumping stations. New lines will total 2.4 miles with estimated cost totaling \$80,000.

CITY GOVERNMENT AND SERVICES:

Type Government - Lancaster, a fifth class city, is governed by a mayor and 6 councilmen. The mayor is elected for a four-year term and the councilmen for two-year terms. (See Appendix E for Resolution by city council, indicating a favorable attitude toward new industry).

Tax Rates and Laws -

Property Tax Rates per \$100 in 1950

	<u>Within City Limits</u>	<u>Outside City Limits</u>
State	\$.05	\$.05
City	.75	
County	.62*	.62
School	<u>1.50</u>	<u>1.25</u>
Total	\$ 2.92	\$ 1.92

*12¢ earmarked for retirement of hospital bonds.

(See Appendix F for Kentucky Corporation Tax information).

Assessment Practice - City - 38%
County - 38%

Total Assessment in 1950 - City - \$2,485,103.03
County - \$9,517,700.00

Bonded Indebtedness - City - \$375,000 in revenue bonds issued in April, 1951 for water and sewer improvement will be retired by 1983.

County - \$133,000 voted hospital bonds issued in 1948 will be retired by a 12¢ property tax levy. Last bond will be paid by 1962.

City Income 1950 - \$40,332.41

City Expenditures - \$31,902.75

Laws Affecting Industry - (see Appendix G for Statute governing the bond issue plan).

Tax Exemption - City - 5 years. State law permits the five-year exemption which cannot be extended. Manufacturing machinery and raw materials are exempt from local taxation.

City Services -

Fire Protection - Provided by a volunteer fire department consisting of a chief and 15 volunteers. Equipment consists of an American pumper, 1947, with a capacity of 500 gpm, plus 300 gallon booster tank. There are 800' of 1 1/2" hose, and 1400' of 2 1/2" hose. Lancaster has a basic table II, class 7 fire insurance rating.

Police Protection - Comprised of a chief and 3 patrolmen. One patrol car serves the business and residential areas.

Streets - The superintendent of water, sewage and streets has 2 full-time maintenance men, with other employed as needed. Close cooperation with the County Road Department enables the city to keep the approximately 9 miles of paved streets in good repair.

Garbage - Municipal collection daily in the business area and weekly in the residential district.

LOCAL CONSIDERATIONS:

Housing - In the immediate post war period the following new buildings were constructed in Lancaster: 210 new residential units; 1 Church (2 under construction); 1 hospital; 1 factory; 20 commercial buildings. Single-story, five-room, frame houses predominate at an approximate cost of 60¢ per cu. ft.

Health -

Hospitals - The Garrard County Memorial Hospital with 30 beds.

Doctors - 7 MD's, 2 of them surgeons; 8 RN's.

Public Health Program - Headquarters for the Garrard County Health Department is in Lancaster. The program includes immunizations, venereal disease and tuberculosis control programs, school health and other maternal and child health services and sanitation services.

<u>Schools</u> -	Grade		High	
	<u>Enroll.</u>	<u>Capacity</u>	<u>Enroll.</u>	<u>Capacity</u>
<u>City</u> (1 - 6)	329	at capacity	(7 - 12) 210	at capacity
<u>County</u> (1 - 8)	1,364	at capacity	(9 - 12) 236	325

Colleges - Centre College, Danville; University of Kentucky and Transylvania College, Lexington; Eastern State College, Richmond.

Churches - The following denominations are represented in Lancaster: Baptist, Catholic, Christian, Church of Christ, Methodist, Nazarene, and Presbyterian. Total active membership is estimated at 2,300.

Recreation -

Theaters - 1 which changes programs 4 times weekly.

Swimming and Boating - Herrington Lake, which affords excellent swimming, boating, camping and fishing facilities, is located nearby.

Tourist Accommodations - Walker Hotel - 30 rooms.

Newspapers - Central Record (weekly) with a circulation of 2,000. National and international news is provided by the Lexington Herald and Leader and the Louisville Courier-Journal and Times.

Radio Stations - Danville station WHIR, 1230 kilocycles, 250 watts.

Banks - Citizens National Bank with total deposits of \$1,809,000 and total resources of \$2,038,000; The Garrard Bank & Trust Company with total deposits of \$1,915,000 and total resources of \$2,128,000; The National Bank of Lancaster with total deposits of \$2,487,000 and total resources of \$2,778,000.

Retail Businesses

Clothing	5
Drugs	2
Electrical appliances	1
Food-groceries	11
Farm supplies & hdwe	3
Furniture	3
Variety	1

Service Establishments

Barber Shops	4
Beauty Shops	7
Dry cleaning	1
Filling stations	15
Frozen food lockers	1
Garages	5
Restaurants	4

Retail Sales - Retail and service trade establishments located in

Garrard County showed a substantial expansion in dollar volume of trade from 1939 to 1948 according to figures from the 1948 Census of Business. Retail sales in the county during 1948 aggregated \$4.5 million, an increase of 181% over the \$1.6 million in 1939, when the preceding census of business was taken. The service trades included in the Census of Business recorded receipts totaling \$219,000 in 1948 compared with \$103,000 in 1939.

Employment in the county also rose over the 9-year period between 1939 and 1948 for the above trades. Establishments reported a combined total of 239 paid employees for the workweek ended nearest November 15, 1948 as compared with a total of 167 employees reported for the workweek ended nearest November 15, 1939

Clubs and Organizations -

Civic - Kiwanis, Rotary, Garrard County Board of Commerce.

Fraternal - Masonic, IOOF, American Legion, VFW

Women's Clubs - American Legion Auxiliary, Women's Club, and Homemakers.

Youth - Boy Scouts, 4-H Club, FHW, FFA.

Climate -

	<u>Prec.</u>	<u>Temp.</u>	<u>Rel. Hum.</u>			<u>Sunshine</u>	
			<u>8 am</u>	<u>n</u>	<u>8 pm</u>	<u>Ave. hrs.</u>	<u>% possible</u>
Jan.	4.18	32.9	82	73	71	110	36
Feb.	3.62	35.4	82	73	67	118	39
Mar.	4.32	43.7	79	66	64	163	44
Apr.	3.50	54.3	74	59	59	210	53
May	3.81	64.3	75	58	63	262	59
June	4.05	72.2	78	59	66	270	61
July	3.65	75.9	77	56	67	283	63
Aug.	3.45	74.9	80	58	67	266	63
Sept.	3.07	68.5	80	59	62	231	62
Oct.	2.59	50.2	77	58	58	201	58
Nov.	3.34	44.8	79	68	66	140	46
Dec.	3.77	35.8	83	76	68	104	35
Ann. Avg.	43.35	55.0	79	64	65	2,358	62

Prevailing Winds - from Southwest

<u>Average Number of days with</u> -	Thunderstorms	45
	Snow	18
	Max. Temp. 90 or above	15
	Min. Temp. 32 or below	89
	Min. Temp. 0 or below	2
	Dense Fog	11

The above information was obtained from the nearest weather stations which is located at Lexington, over a 34-year period.

RESOURCES:

Mineral - Limestone is the most important mineral resource in Garrard County. Large amounts are available, which are suitable for various uses. A portion of Garrard County lies within or near a high calcium limestone area where ledges having a calcium carbonate content of nearly 95% are common. Some ledges on the area show 95% or more calcium carbonate content.

Small amounts of natural gas and petroleum have been produced in the Cartersville vicinity.

The Chattanooga black shale, which crosses the southern portion of Garrard County, has been mentioned as a possible future source for synthetic fuels. Barite occurs as vein deposits along faults.

INDUSTRIAL MARKETS:

There are, within the market area of Lancaster, an estimated 50,000,000 customers. Cities in the area include: St. Louis, Chicago, Detroit, Pittsburgh, and Atlanta.

AVAILABLE INDUSTRIAL SITES:

There are several good industrial sites available in Lancaster. For detailed information write the Garrard Board of Commerce, Lancaster, Kentucky; or the Agricultural and Industrial Development Board, 415 Ann Street, Frankfort, Kentucky.

APPENDIX

History and General Description	App. A
Table Showing Number of Workers Covered by Kentucky Unemployment Insurance	App. B
Telephone Rates	App. C-1
Gas Rates	App. C-2
Water Rates	App. C-3
Power Rates	App. D
Resolution by City Council	App. E
Kentucky Corporation Tax information	App. F
Kentucky Revised Statutes - bond issue plan	App. G
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HISTORY AND GENERAL DESCRIPTION

Garrard County was formed from portions of Mercer, Madison, and Lincoln Counties in 1796 during the administration of Governor Garrard, for whom the county was named.

The formation of the new county was motivated by an act of the State Legislature ordering that the county seat of Madison be removed from Milford, located near Silver Creek, to Richmond. A large number of citizens living on and near Paint Lick Creek so greatly opposed this removal that, after an unsuccessful attempt to prevent it, they determined to form a new county more convenient to them. The result was the organization of Garrard County.

Garrard County is located in the central part of the State, and the geographical center of the State was fixed by a geodetic survey at a point in the county 4 miles from Lancaster on State Highway #52. The county is bounded on the north by Jessamine County, on the west by Boyle County, on the east by Madison County, and on the south by Lincoln County. The minimum elevation, 525 feet, is at the mouth of Dix River, while in the Knobs section heights of 1,300 feet above sea level are reached.

NUMBER OF WORKERS IN MANUFACTURING INDUSTRIES COVERED BY
KENTUCKY UNEMPLOYMENT INSURANCE LAW
FOR GARRARD AND ADJOINING COUNTIES

County	Total	Food & Kindred Products	Tobacco	Clothing, Textiles, Leather	Lumber & Furniture	Printing, Publishing & Paper	Chemicals, Petroleum, Coal & Rubber	Stone, Clay, Glass	Pri- mary metals	Mach., Metal Prod., Equip.	Other
Garrard	311	7	0	289	0	5	0	10	0	0	0
Mercer	681	158	1	487	3	15	0	17	0	0	0
Boyle	952	95	1	597	186	38	0	0	0	35	0
Lincoln	172	55	0	69	40	8	0	0	0	0	0
Rockcastle	52	0	0	0	48	4	0	0	0	0	0
Madison	822	77	1	64	0	19	0	24	0	637	0
Jessamine	107	107	0	0	0	0	0	0	0	0	0
Totals	3,097	499	3	1,506	277	89	0	51	0	672	0

NUMBER OF WORKERS COVERED BY
KENTUCKY UNEMPLOYMENT INSURANCE LAW
FOR GARRARD AND ADJOINING COUNTIES

County	All Industries	Mining & Quarrying	Contract Con- struction	Manufac- turing	Transpor- tation, Com- munication & Utilities	Whole- sale & Retail Trade	Finance, Insurance & Real Estate	Services	Other
Garrard	626	0	52	311	32	188	20	23	0
Mercer	1,230	0	58	681	105	243	30	113	0
Boyle	3,179	40	325	952	292	1,230	55	285	0
Lincoln	489	6	61	172	9	169	21	51	0
Rockcastle	209	68	0	52	7	16	13	53	0
Madison	2,582	38	111	822	416	922	68	205	0
Jessamine	475	16	67	107	59	173	25	28	0
Totals	8,790	168	674	3,097	920	2,941	232	758	0

TELEPHONE RATES - Appendix C-1

	<u>Individual</u>	<u>Two-Party</u>	<u>Extension</u>
Business	\$6.50	\$5.75	\$1.50
Residential	3.75	3.25	1.00

GAS RATES - Appendix C-2

	100 cu. ft. or less	\$1.50
First	2,000 cu. ft.	1.10 per m. cu. ft.
Next	7,000 cu. ft.	.71 1/2 per m. cu. ft.
Next	10,000 cu. ft.	.60 1/2 per m. cu. ft.
Next	70,000 cu. ft.	.49 1/2 per m. cu. ft.
Over	100,000 cu. ft.	.44 per m. cu. ft.

WATER RATES - Appendix C-3

		<u>City</u>	<u>County</u>
First	2,000 gal.	\$2.00 flat rate	\$4.00 flat rate
Next	2,000 gal.	.75 per m. gal.	1.50 per m. gal.
Next	5,000 gal.	.60 per m. gal.	1.20 per m. gal.
Next	8,000 gal.	.45 per m. gal.	.90 per m. gal.
Over		.35 per m. gal.	.70 per m. gal.

SEWER RATES - Appendix C-4

Single Family Unit	\$1.40
Two family unit	2.10
Three or more family unit	2.80
All other	2.80

Kentucky Utilities Company
Incorporated

Revised 2/1/46
Reworded 3/1/48

COMBINED LIGHTING & POWER SERVICE - RATE LP

AVAILABILITY

This rate schedule is available for secondary or primary service on an annual basis for lighting and/or heating and/or power where no class rate is available.

It is optional with the customer whether service will be billed under this schedule for the entire requirements, or under various other schedules applicable to the various services. The customers having selected this schedule will continue to be billed under it for not less than twelve (12) consecutive months, unless there should be a material and permanent change in the customer's service.

RATE

Maximum Load Charge

\$1.75 per kilowatt for the first 25 kilowatts of the maximum load in the month, but not less than \$105.00 per year.

\$1.50 per kilowatt for all in excess of 25 kilowatts per month.

Plus an Energy Charge

2.5¢ per kilowatt-hour for the first 1,000 kilowatt-hours used per month

1.5¢ per kilowatt-hour for the next 9,000 kilowatt-hours used per month

1.0¢ per kilowatt-hour for the next 40,000 kilowatt-hours used per month

.9¢ per kilowatt-hour for the next 50,000 kilowatt-hours used per month

.8¢ per kilowatt-hour for the next 400,000 kilowatt-hours used per month

.7¢ per kilowatt-hour for all in excess of 500,000 kilowatt-hours per month

DETERMINATION OF MAXIMUM LOAD

The load will be measured and will be the average kilowatt load used by the Customer during the 15 minute period of maximum used during the month.

MINIMUM ANNUAL BILL

Service under this schedule is subject to an annual maximum of \$21.00 per kilowatt for each yearly period based on the highest monthly maximum load during such yearly period, but not less than \$105.00 per year. Payment to be made monthly of not less than 1/12 of the Annual Minimum, until the aggregate payments during the contract year equal the Annual Minimum. However, payments made in excess of the amount based on above rate schedule will be applied as a credit on billings for energy used during the contract year. A new customer or an existing customer having made a permanent change in the operation of his electrical equipment that materially affects the use in kilowatt-hours and/or use in kilowatts of maximum load will be given an opportunity to determine his new service requirements, in order to select the most favorable contract year period and rate applicable.

DUE DATE OF BILL

Customer's monthly bill will be due within 10 days from date of bill.

RULES AND REGULATIONS

Service will be furnished under the company's general RULES AND REGULATIONS OR TERMS AND CONDITIONS.

PRIMARY DISCOUNT

Applicable to customers having a maximum load of 50 kilowatts or more.

At the option of the customer there will be a discount of 5% of the energy charge only on all monthly bills, in which there is a maximum load charge for 50 kilowatts or more, provided the Customer owns and maintains all facilities (including transformers, if necessary) for taking service from the primary distribution or transmission system from which line the customer is served, and where the service is metered at the primary voltage.

RESOLUTION

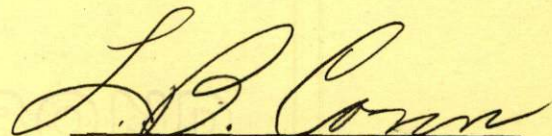
WHEREAS, it is highly desirable that new industrial and business enterprises be induced to locate in our City, and

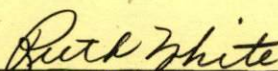
WHEREAS, Lancaster is well situated with an abundant supply of labor, good transportation facilities, available natural gas, electric power, and other facilities, and

WHEREAS, it is desirable to acquire additional industrial employment for our citizens so as to obtain a more favorable balance between agriculture and industry in Lancaster and Garrard County:

BE IT RESOLVED, that a cordial invitation be and is hereby extended to acceptable industries to locate in our community, and we pledge the wholehearted cooperation and assistance on the part of the City Council and the citizens to interested concerns; and it is our belief that the experience of existing industry in this community has been satisfactory and profitable for all concerned:

NOW THEREFORE, by unanimous vote of the Board of Council this Resolution was passed and approved the 5th day of November, 1951.


L. B. Conn, Mayor

ATTEST: 
Ruth White, City Clerk

KENTUCKY CORPORATION TAXES

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:

	<u>Rate Per Share (Par Value)</u>	<u>Rate Per Share (No Par Value)</u>
First 20,000 shares	1¢	1/2¢
20,001 through 200,000 shares	1/2¢	1/4¢
Over 200,000 shares	1/5¢	1/5¢

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%¹ 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

¹ Temporary rate of 4 1/2% reverts to 4% at expiration of second calendar or fiscal year beginning after January 1, 1950.

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 state-wide 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.

STATUTE GOVERNING RIGHT OF CITIES TO
CONSTRUCT INDUSTRIAL BUILDINGS

KENTUCKY REVISED STATUTES (1948)

Sec. 103.200 - 103.280

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

415 Ann Street
Frankfort, Kentucky

KENTUCKY REVISED STATUTES
1948

103.200 - 103.280

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.

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.