

7-31-1951

Industrial Resources: Knox County - Barbourville

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ECONOMIC & INDUSTRIAL SURVEY

of

Barbourville, Ky.



Prepared By

THE CHAMBER OF COMMERCE OF BARBOURVILLE, KY.

— and —

THE AGRICULTURAL & INDUSTRIAL DEVELOPMENT BOARD

— of —

KENTUCKY

ECONOMIC & INDUSTRIAL
SURVEY
OF
BARBOURVILLE, KENTUCKY

Prepared by
The Chamber of Commerce of Barbourville
and
The Agricultural and Industrial Development Board of Kentucky

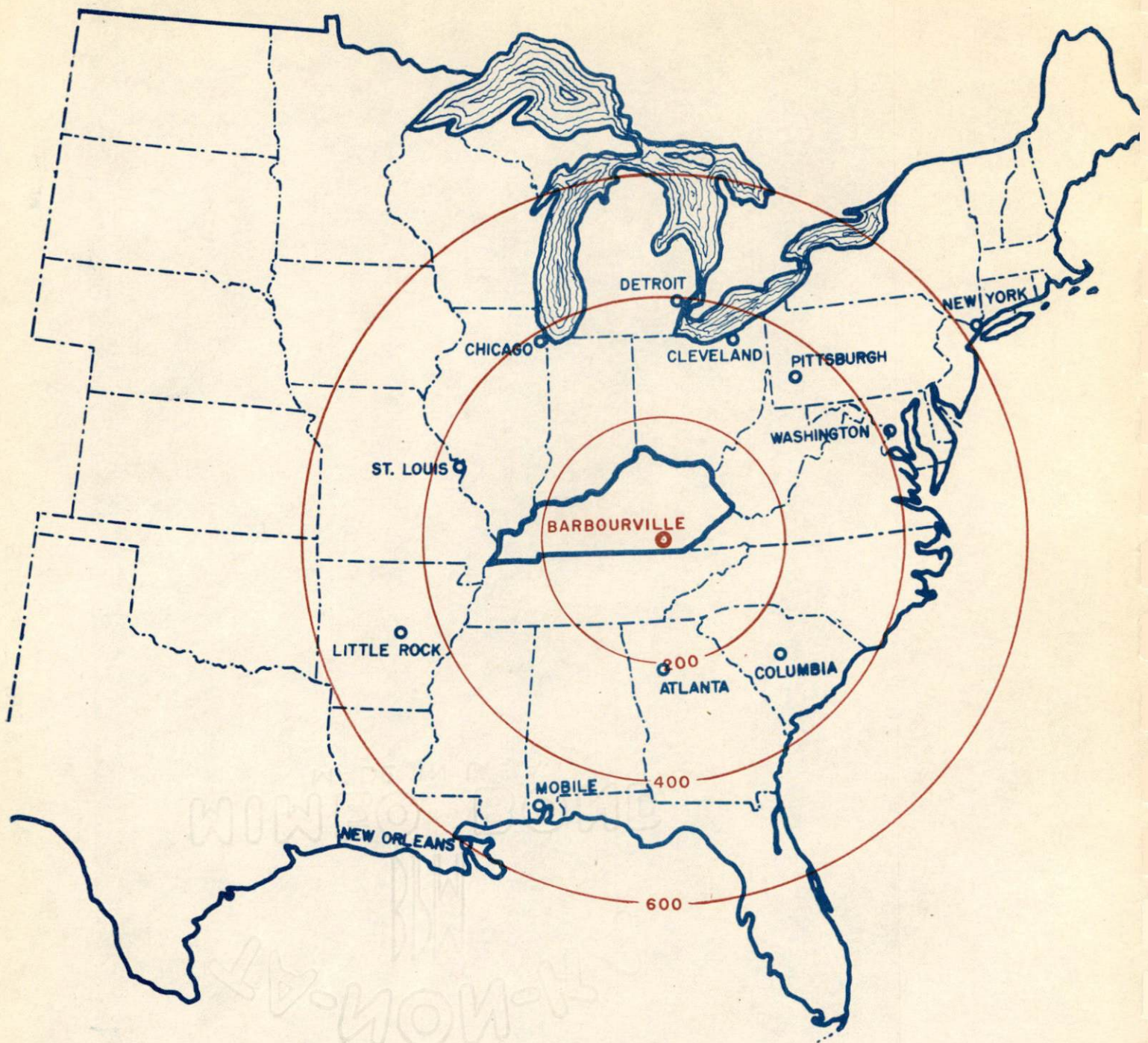
July 31, 1951

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AERIAL PHOTO



BARBOURVILLE, KENTUCKY
HAS 50,000,000 CUSTOMERS
WITHIN ITS MARKET AREA

BARBOURVILLE, KENTUCKY

Barbourville, the county seat and trade center of Knox County, is located in the southeastern portion of Kentucky, 113 miles from Lexington, on U. S. #25E. (See Appendix A for History and General Description).

POPULATION AND LABOR:

Population Figures 1850 to 1950 -

	<u>Barbourville</u>	<u>Knox County</u>
1850	184	7,050
1860	230	7,707
1870	438	8,294
1880	250	10,587
1890	1,162	13,762
1900	1,010	17,372
1910	1,633	22,116
1920	1,877	24,172
1930	2,380	26,266
1940	2,420	31,029
1950	2,911	30,409
1951	3,884 *	

*Estimated population following recent extension of city limits.

Population Characteristics - The population of Barbourville has shown an increase of 20.3% during the past decade, while Knox County has shown a decrease of 2% during the same period. Approximately 94% of the population is native-born white, with 2% being colored and less than 1% foreign born. 52% of the residents are female, 48% male.

Labor Supply - The Barbourville labor supply area includes all of Knox County, most of Clay County, and at least half of Whitley, Laurel, and Bell Counties. The population of this labor supply area is approximately 100,000, including the Knox County population of 30,409.

At least 4,000 workers could be recruited within commuting distance of Barbourville, with about 60% being men and 40% women. In Knox County, alone, at least 2,000 could be recruited if jobs were available. The male labor supply would be drawn heavily from low-income farms. A large portion of the female supply would be new entrants from the homes. The labor supply would be generally unskilled in factory processes.

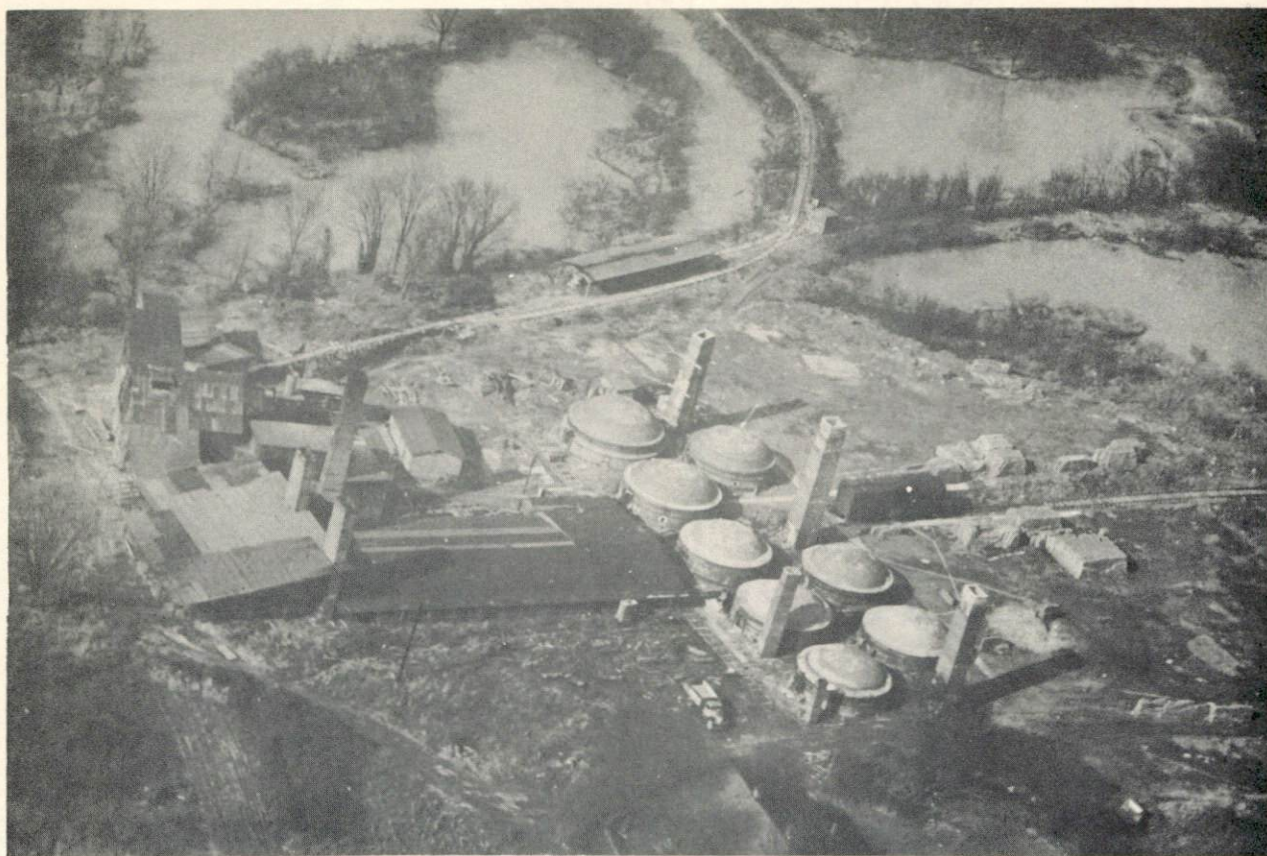
Industrial Pattern - In December, 1950, in the five counties included in the area, 11,234 persons were employed in jobs covered by unemployment insurance. Employment in mining constituted about 40% of covered employment, while manufacturing made up about 20%. Major manufacturing industries were in clothing and lumber.

Agriculture is an important source of employment in the area, although a large portion of the farms have low money income. (See Appendix B for table showing number of workers covered by unemployment insurance).

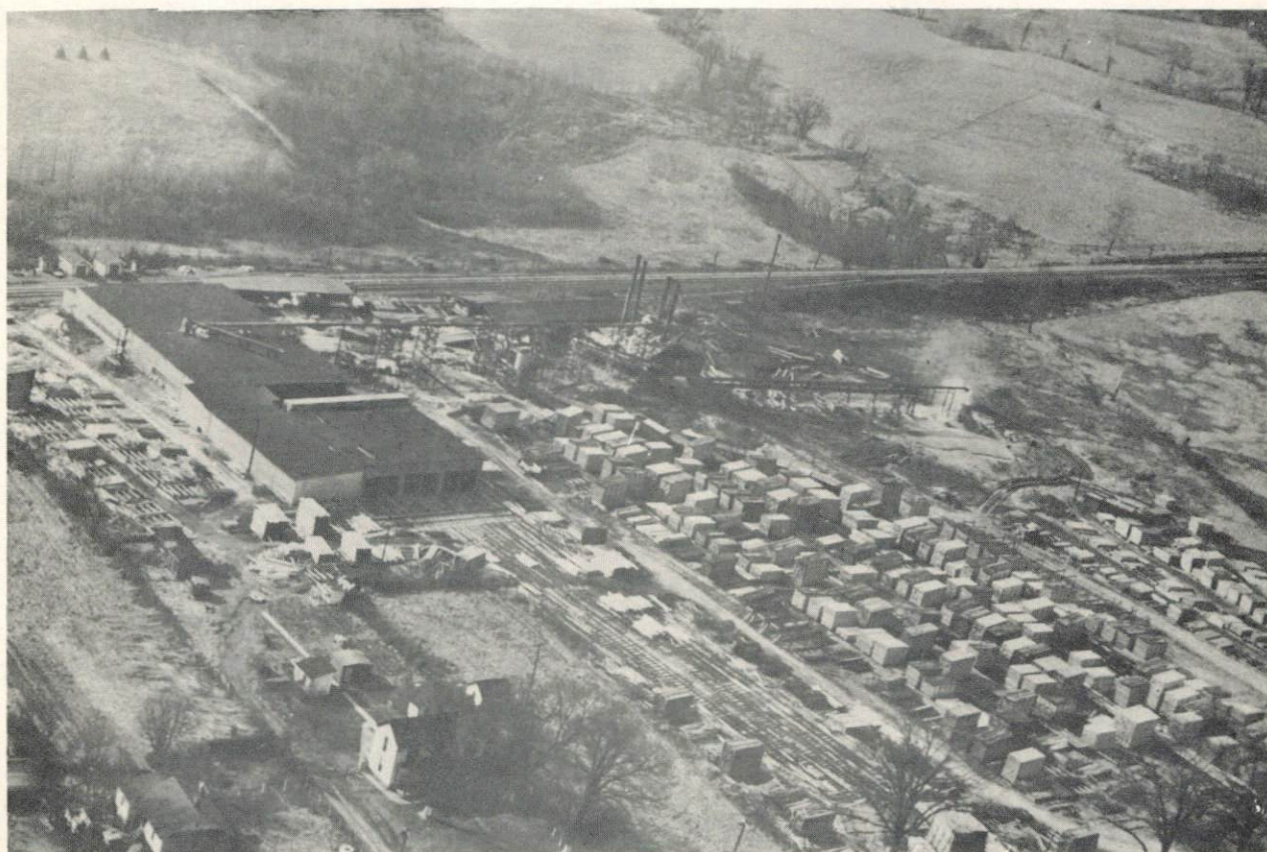
Existing Industry -

<u>Industry</u>	<u>Product</u>	<u>M</u>	<u>F</u>	<u>T</u>
Barbourville Brick Co.*	Common-face brick	30	1	31
LaResista Corset Co. *	Foundation garments	42	3	45
Millet Lumber Yard	Hardwood lumber	50	0	50
Perfection Hardwood Flooring Co.	Hardwood flooring	59	0	59
Richland Coal Co.	Stoker & carbon coal	6	0	6
		<u>187</u>	<u>4</u>	<u>191</u>

Union Affiliations - *United Construction Workers



BARBOURVILLE BRICK AND TILE YARD



PERFECTION HARDWOOD FLOORING MILL

TRANSPORTATION:

Railroads - Louisville & Nashville Railroad Company

Approximate Transit Times

Atlanta, Ga.	18 hrs.	New Orleans, La.	2 days-9 hrs.
Chicago, Ill.	2 days.	New York, N.Y.	3 days
Cleveland, Ohio	1 1/2 days	Pittsburgh, Pa.	2 days
Detroit, Mich.	2 1/2 days	St. Louis, Mo.	2 days
Mobile, Ala.	2 days-6 hrs.	Washington, D.C.	2 days

Highways - U. S. #25E; Ky. #6, #11, #229

Highway Distances to Major Cities in Area

Atlanta, Ga.	290	Lexington, Ky.	113
Birmingham, Ala.	356	Louisville, Ky.	200
Chicago, Ill.	493	Nashville, Tenn.	225
Cincinnati, Ohio	203	New York, N.Y.	829
Detroit, Mich.	488	Pittsburgh, Pa.	485
Knoxville, Tenn.	94	St. Louis, Mo.	460

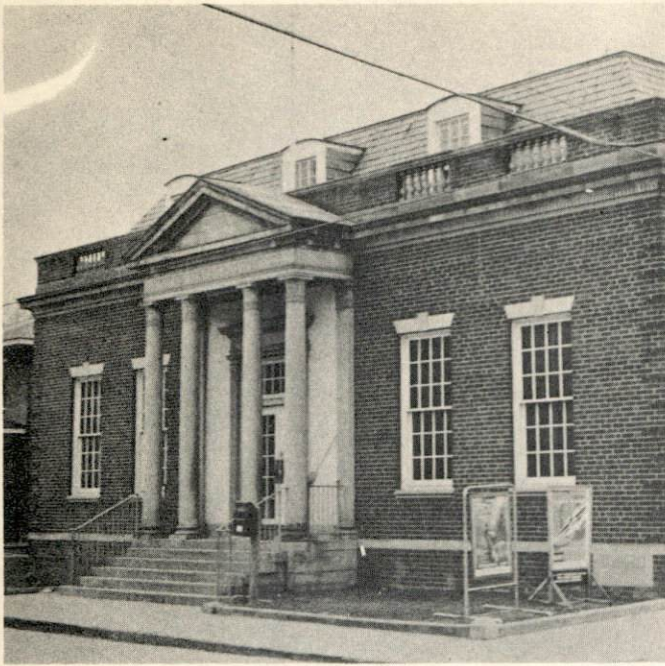
Air - London-Corbin Airport, at London, Kentucky, is near completion.

This will be a Class 3 airport with 4,000 foot runway, and a regular stop for Piedmont Airlines.

COMMUNICATIONS:

Postal Facilities - Barbourville has a 2nd class post office with 9 employees. There are 2 city routes and 5 star routes. Mail is received twice daily by train and once by bus. Postal receipts for 1950 were \$327,769.66.

Telephone and Telegraph - Barborville is served by the Northeastern Telephone Company. There are 597 subscribers and 13 employees. (See Appendix C-1 for rates).



U.S. POST OFFICE



KNOX COUNTY COURT HOUSE



STREET SCENE
RESIDENTAL

UTILITIES:

Electricity - The Barbourville Water and Electric Company (municipally owned) purchases power from the Kentucky Utilities Company. Incoming power is 3-phase, 66,000 volts. (See Appendix D for rates).

Water - The Barbourville Water & Electric Company. Water is pumped from the Cumberland River (1000 gpm pumping capacity) to the filtration plant. Daily capacity of the filtration plant is 400,000 gallons; present use is 200,000 gallons. 25% of the water mains are 8", 25% are 6", and 50% are 4". Bonds are to be floated for the extension of water coverage and enlargement of the filtration plant. (See Appendix C-2 for rates).

Gas - The Peoples Gas Company purchases natural gas, with a BTU content of 1168, from the Petroleum Exploration Company. (See Appendix C-3 for rates).

Sewage - Raw sewage is discharged into the Cumberland River. Lefebvre and Associates, Engineers, Temple Bar Building, Cincinnati, Ohio, are submitting plans for a sewage disposal plant and new sewage system for the incorporated area.

CITY GOVERNMENT AND SERVICES:

Type Government - Barbourville is governed by a Mayor and 6 Councilmen. The mayor is elected for 4 years and the councilmen for 2 years. (See Appendix E for Resolution by City Council expressing desire for new industry and use of the Bond Issue Plan).

Tax Rates and Laws -

Property Tax Rates per \$100 in 1950

	<u>Within City Limits</u>	<u>Outside City Limits</u>
State	\$.05	\$.05
County	.70	.70
City (general fund)	.35	
School	<u>1.50</u>	<u>1.50</u>
Total	\$ 2.60	\$ 2.25

(See Appendix F for Kentucky Corporation Taxes).

Assessment Practice - City - 25% of true value
County - 30% of true value

Total Assessment of all Property in 1949 - City - \$1,983,691
County - \$11,900,917

Bonded Indebtedness - City - none

County - \$25,000 road bonds, with \$5,000 paid yearly. \$26,298

is now in the sinking fund to retire these bonds.

\$59,000 funding bonds, with \$50,000 in the sinking fund to apply to the payment of these bonds. \$31,000 of the above \$59,000 is to be retired in 1965, with \$4,000 paid yearly. \$28,000 of the \$59,000 is to be paid when due. (\$13,000 due February 1, 1952, and \$15,000 due February 1, 1957).

Average Annual City Income - \$ 24,409

Average Annual City Expenditures - \$24,093.69

Laws Affecting Industry - (See Appendix G for Act governing Bond Issue Plan).

Exemptions to Industry - The city allows a five-year exemption which cannot be extended. Manufacturing machinery and raw materials are exempt from local taxes.

Services -

Fire Protection - The Barbourville Fire Department consists of a chief and 20 volunteers. Equipment includes: 1930 LaFrance 80 gallon tank, 500 gpm truck; 1941 Ford 500 gpm pumper; 3,000 feet of 2 1/2" hose, and 1,200 feet of 1 1/2" hose. Barbourville has a 7th class fire insurance rating.

Police Protection - The police force consists of a chief and 3 patrolmen; 1 patrol car.

Streets - The city has 18 miles of paved streets. The street crew is composed of a foreman and 3 crewman - 1 dump truck. Large operations are let by contracts.

Garbage - Municipal collection daily in both the business and residential sections. Private contractors are also available.

LOCAL CONSIDERATIONS:

Housing - Two-story, frame dwellings predominate in Barbourville. Approximate building cost is 60¢ per cu.ft. Local contractors include: Treadway & Son, Hopper Construction Co., Osborne Brothers, Rapp Lumber Co.

Health -

Hospitals - Knox County Hospital with a 20-bed capacity.

Doctors - 6 MD's, of which 2 are surgeons; 3 dentists, and 8 registered nurses.

Public Health Program - Barbourville is the headquarters for the Knox County Health Department. Its program comprises: Communicable disease control program, venereal disease and tuberculosis control program, maternal and child health program, crippled children's program, general sanitation, laboratory services, and public health education activities. A new health department building is to be completed this year with a \$60,000 outlay, and \$40,000 for the building.

Schools -

Barbourville High School (city)

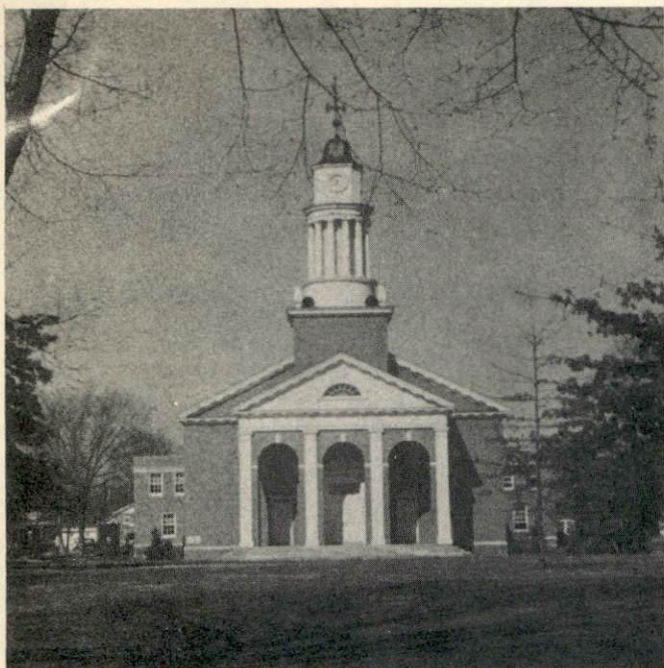
Grades 1 - 5	Enrollment 361
" 6 - 8	" 150
" 9 - 12	" 119

Knox Central High School (county)

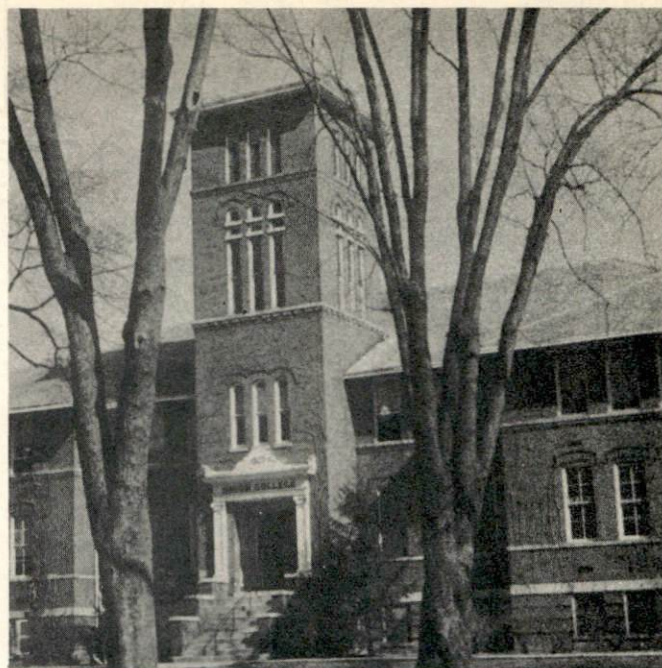
Grades 1 - 8 (W)	Enrollment 5,300
" 9 - 12 (W)	" 868
" 1 - 8 (C)	" 60
" 9 - 12 (C)	" 49

The city school has 25 teachers with 8 others on the payroll. The county white school has 148 grade teachers, 37 high school teachers; county colored school has 2 grade school teachers and 4 high school teachers.

A contract has been let for the building of a 27-room county school for grades 1 - 12. Approximate cost will be \$401,000.



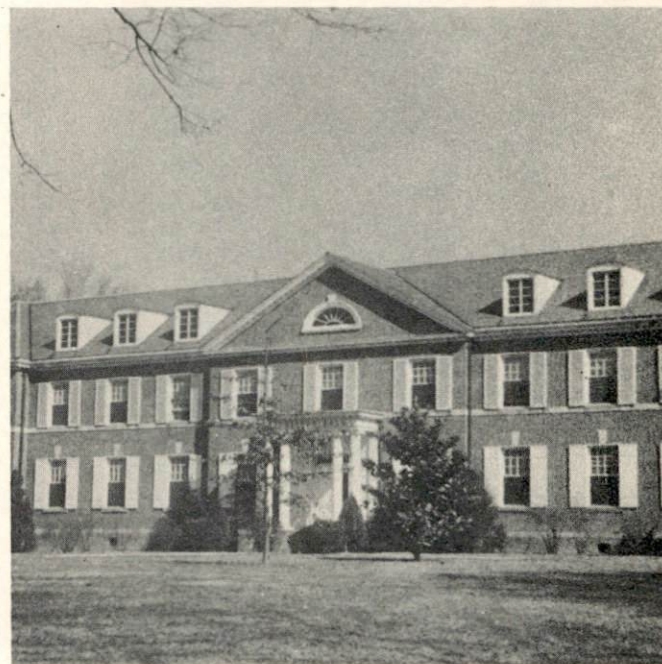
CONWAY BOATMAN CHAPEL
UNION COLLEGE



ADMINISTRATION BUILDING
UNION COLLEGE



WEEKS LIBRARY
UNION COLLEGE



PFEIFFER HALL
UNION COLLEGE

Colleges - Union College, at Barbourville, a liberal arts College, giving A.B. and B.S. degrees in education, was founded in 1879.

This college has accredited recognition and is a member of the Southern Association of Colleges, Kentucky Association of Colleges, Association of American College; also by the University of the State of New York. Union College has an enrollment of 800.

Churches - Baptist, Methodist, Christian, Catholic, and Pentecostal. Total active membership is 2,000.

Libraries - Abigail E. Weeks Library with 21,700 volumes and a yearly circulation of 16,500.

Recreation -

Theaters - Barbourville has 2 theaters which change programs 3 times weekly.

Parks - The American Legion owns and maintains a 12-acre park which includes a football stadium, baseball and softball field, badminton court, and equipment for small children. This park is under paid supervision during school vacation.

The Dr. Thomas Walker State Park, which is located outside the city limits, has picnic grounds, including outdoor ovens.

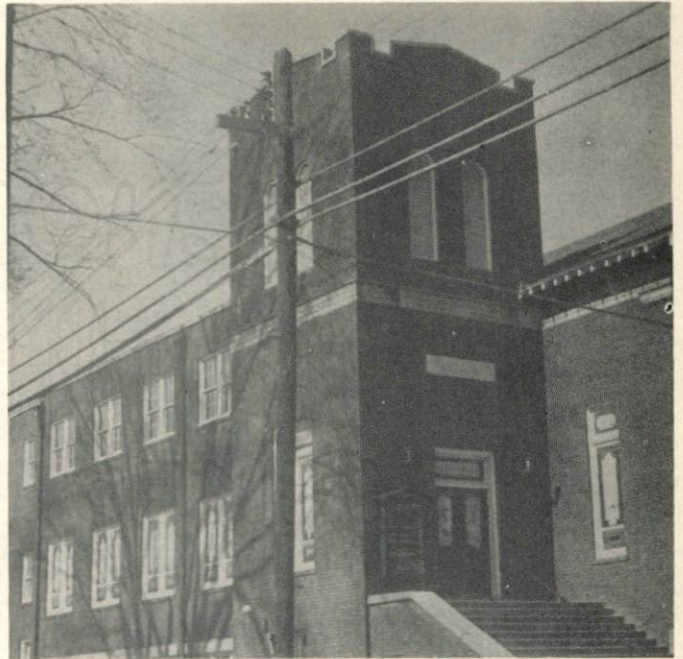
Other - Gun Club, and Knox County Hunting & Fishing Association.

Tourist Accommodations - The Blackstone Hotel with 50 rooms; The Faulkner Hotel with 40 rooms.

Newspapers - The Barbourville Advocate (weekly) with a circulation of 1,725.



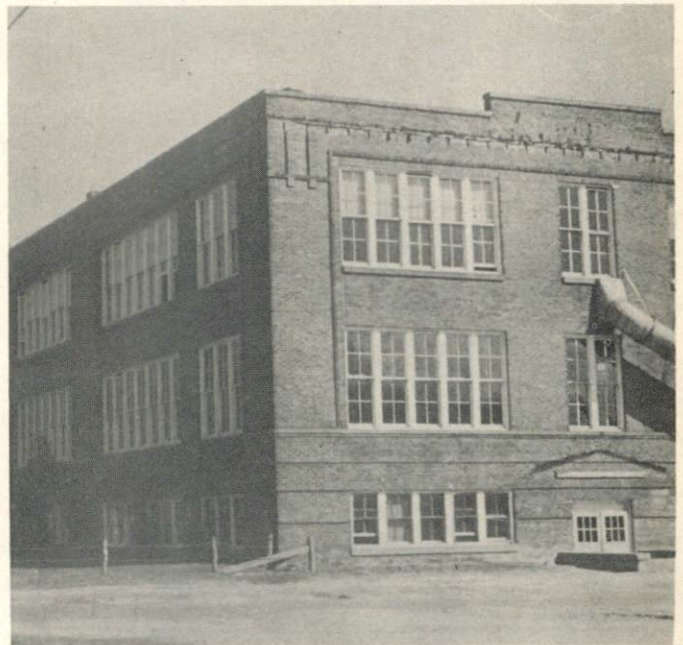
FIRST CHRISTIAN CHURCH



FIRST BAPTIST CHURCH



FIRST METHODIST CHURCH



BARBOURVILLE HIGH SCHOOL

Banks - The Union National Bank with total deposits of \$3, 181, 000
and total resources of \$3, 373, 000.

<u>Retail Businesses</u>		<u>Service Establishments</u>	
Auto Dealers	7	Barber Shops	3
Clothing	8	Beauty Shops	5
Drugs	2	Filling Stations	17
Eating	10	Frozen Food Locker	1
Electrical Appliances	5	Laundry & Cleaning	4
Farm Supplies & Hdwe.	4		
Food-Groceries	18		
Variety	1		

Retail, Wholesale and Service Establishment Sales -

Retail, wholesale and service establishments in Knox County showed a substantial expansion in dollar volume of trade from 1939 to 1948 according to preliminary figures from the 1948 Census of Business.

Retail sales in the county during 1948 aggregated \$6.2 million, an increase of 195 % over the \$2.1 million in 1939. Wholesale sales in the county reached a total of \$1.4 million in 1948, as compared with \$0.7 million in 1939. Service trades included in the Census of Business recorded receipts totaling \$289,000 in 1948 compared with \$73,000 in 1939.

Employment in the county also rose over the 9-year period between 1939 and 1948 for the above trades. Establishments in these trades reported a combined total of 355 paid employees for the workweek ended nearest November 15, 1948. This compared with a total of 204 employees reported for the week of November 15, 1939.

Clubs and Organizations -

Civic - Kiwanis, Lions, Civic League, Community Council,
Chamber of Commerce.

Fraternal - Masonic, IOOF, American Legion, VFW, D of A.

Women's Clubs - American Legion Auxiliary, DAR, Eastern Star,
PTA, Garden Club, Women's Study Club, Younger Womens Club,
Jr. Study Club, Tuesday Club.

Youth Clubs - Boy and Girl Scouts, Youth Movement, 4-H Club,
FFA, Colored Youth Movement.

Climate -

Average Precipitation, Temperature and Humidity

	Precipitation (39-yr. record) (Middlesboro)	Temperature (39-yr. record) (Middlesboro)	Humidity (Lexington)
Jan.	4.70	38.1	77
Feb.	4.02	39.8	73
Mar.	5.40	48.4	70
Apr.	4.47	56.9	65
May	3.99	64.3	66
June	4.49	72.5	67
July	4.84	75.5	67
Aug.	4.43	74.5	69
Sept.	2.93	69.9	68
Oct.	2.79	57.4	66
Nov.	3.49	46.2	71
Dec.	4.86	39.2	76
Ann. Avg.	50.41	58.4	70

The above information was taken from the Department of Commerce
Weather Bureau Figures from the nearest weather station with
several years record.

Average date of last killing frost in Spring - April 20
Average date of first killing frost in Fall - October 20
Average length of frost - free period (days) - 200

RESOURCES:*

The most important mineral resource of Knox County is bituminous coal but a considerable amount of cannel coal is available. The principal coal seams in Knox County are: Straight Creek, Blue Jem, Jellico, Dean or No. 4.

Oil and gas in commercial quantities have been produced in Knox County for many years. Residual clays and clay shales suitable for brick-making occur, and some transported clays along the Cumberland River might also be used for this purpose.

* Willard R. Jillson's "Kentucky's Mineral Resources"

INDUSTRIAL MARKETS:

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

INDUSTRIAL SITES:

Several good industrial sites lie within the city limits of Barbourville adjacent to rail and highway facilities. For further information, write: Charles G. Black, Secretary, Chamber of Commerce, Barbourville.

APPENDIX

History and General Description	App. A
Table showing number of workers covered by Kentucky Unemployment Insurance	App. B
Telephone Rates	App. C-1
Water Rates	App. C-2
Gas Rates	App. C-3
Power Rates	App. D
Resolution by City Council	App. E
Kentucky Corporation Taxes	App. F
Kentucky Revised Statutes - Bond Issue Plan	App. G
Cooperating State Agencies	App. H

HISTORY & GENERAL DESCRIPTION

Knox County is situated in the southeastern portion of Kentucky, its southernmost point being not many miles from the Tennessee State line. It is in, and part of, the Eastern Kentucky Coal Field. Only four counties contribute to its boundary line, a rather unusual circumstance in connection with the political subdivisions of Kentucky. It was formed out of a portion of Lincoln County in 1799, and named in honor of General Henry Knox, who served as a volunteer at the battle of Bunker Hill. He rose rapidly in military rank and aided in the capture of Cornwallis at Yorktown. Remains of an ancient fortress on the Cumberland River near Barbourville, the county seat, were discernible early in the last century. The county has an area of 227,840 acres. Elevations in the southern and eastern sections reach about 2,000 feet above sea level.

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

County	Total	Food & Kindred Products	Tobacco	Clothing, Textiles, Leather	Lumber & Furniture	Printing, Publishing & Paper	Chemicals, Petroleum, Coal & Rubber	Stone, Pri- mary Clay, Glass	Equip.	Mach., Metal Prod.,	Other
Knox	260	13	0	44	183	9	0	12	0	0	0
Whitley	491	95	0	290	58	27	0	15	0	0	6
Bell	608	81	0	399	51	26	1	0	0	50	0
Leslie	163	0	0	0	163	0	0	0	0	0	0
Clay	101	0	0	0	101	0	0	0	0	0	0
Laurel	265	100	0	0	98	0	67	0	0	0	0
Totals	1,888	289	0	815	889	62	68	27	0	50	6

NUMBER OF WORKERS COVERED BY
KENTUCKY UNEMPLOYMENT INSURANCE LAW
FOR KNOX 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
Knox	788	247	10	260	27	181	10	53	0
Whitley	2,137	625	63	491	126	551	57	224	0
Bell	5,061	2,433	43	608	361	1,054	108	453	1
Leslie	663	482	0	163	0	14	4	0	0
Clay	1,387	1,174	0	101	4	85	13	10	0
Laurel	967	168	20	265	64	354	22	74	0
Totals	11,234	4,431	136	2,299	582	2,239	214	814	1

TELEPHONE RATES - App. C-1

	<u>Individual</u>	<u>Two-Party</u>	<u>Four-Party</u>	<u>Extension</u>
Business	\$5.00	\$4.50	\$4.00	\$1.50
Residential	3.50	3.00	2.75	1.00

WATER RATES - App. C-2

Commercial - \$80 per year minimum, 1,800,000 gallons allowed. In excess of this - 15¢ per 1,000 gallons.

GAS RATES - App. C-3

First	50 mcf per mo.	30¢
Next	200 mcf per mo.	28¢
Next	250 mcf per mo.	26¢
Next	500 mcf per mo.	25¢
Next	Million cu. ft. per mo.	24¢
Over	2 Million cu. ft. per mo.	23¢

Commercial rate - \$60 annual minimum

Kentucky Utilities Company
Incorporated

Revised 2/1/1946
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 desirable that new industries come to our City; and
WHEREAS, our City is well situated with regard to transportation, labor,
education and other facilities; and
WHEREAS, Kentucky Statutory Law provides for the construction of
Industrial Buildings by Cities for the use of desirable industries,
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNCIL OF
THE CITY OF BARBOURVILLE, KENTUCKY, AS FOLLOWS:

A cordial invitation is extended to acceptable industrial enterprises and
businesses to locate in our City, and we pledge our cooperation and assure
them of the aid and good will of our officials and citizenry.

WHEREFORE, by unanimous vote of the Board of Council, this Resolution
was passed and approved, this the 2nd day of March 1951.

ATTEST: Matthew McKeehan
Matthew McKeehan, City Clerk

Alry Bays
Alry Bays, Mayor

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¢ of 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 $4\frac{1}{2}\%$ 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 $4\frac{1}{2}\%$ 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 exempted, 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 Kentucky, less the amount loaned to shareholders residing in this 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 realizes 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 construction 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.