

3-1953

## Industrial Resources: Madison County - Berea

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# ECONOMIC & INDUSTRIAL SURVEY

of

## Berea, Ky.



Prepared By

BEREA CHAMBER OF COMMERCE

— and —

THE AGRICULTURAL & INDUSTRIAL DEVELOPMENT BOARD

— of —

KENTUCKY

ECONOMIC & INDUSTRIAL SURVEY

OF

BEREA, KENTUCKY

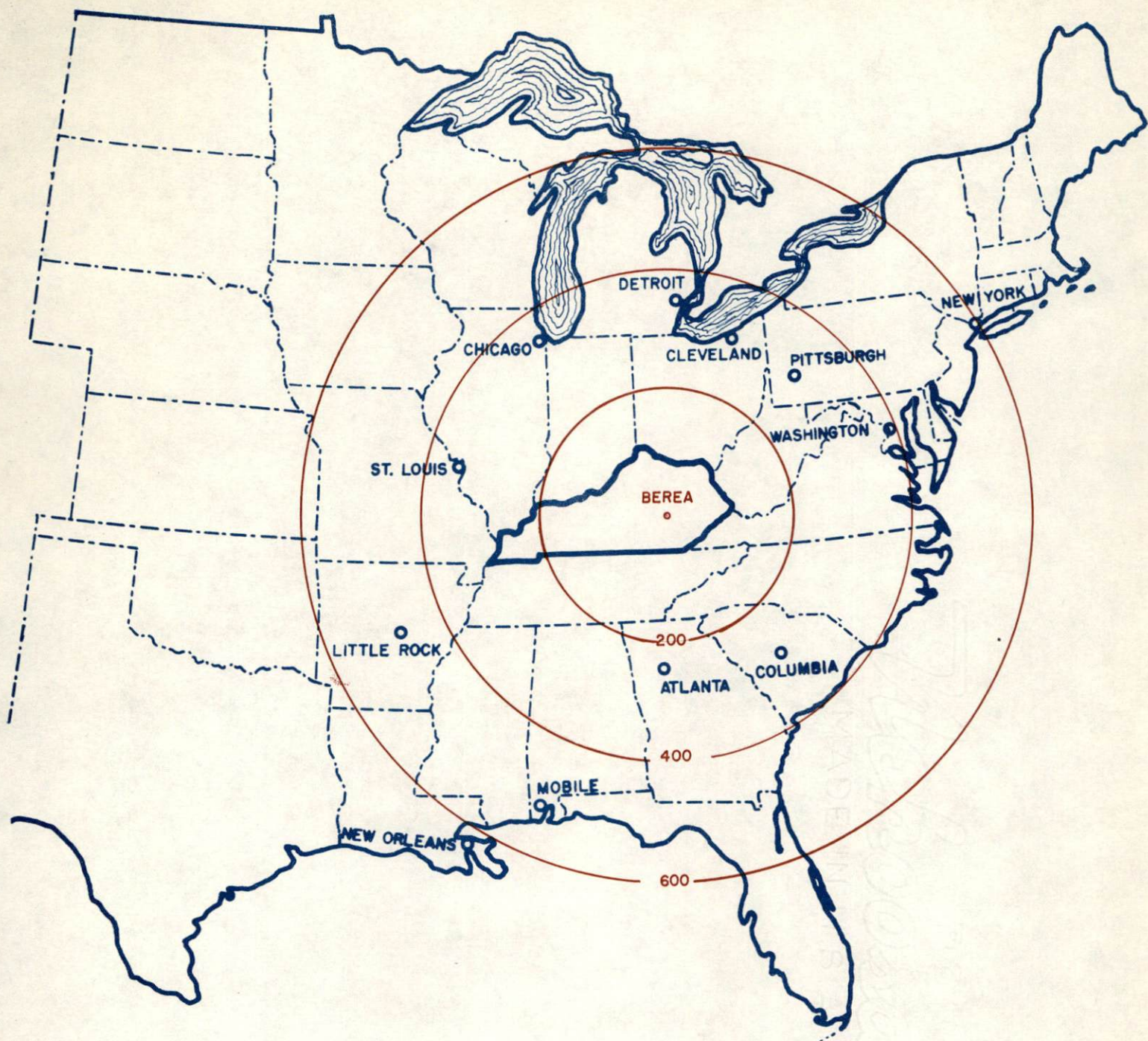
Prepared by

The Berea Chamber of Commerce  
and

The Kentucky Agricultural & Industrial Development Board

March, 1953





**BEREA, KENTUCKY**

**HAS 50,000,000 CUSTOMERS  
WITHIN ITS MARKET AREA**



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## BEREA, KENTUCKY

### POPULATION AND LABOR:

#### Population Figures 1850 - 1950

	<u>Berea</u>	<u>Madison County</u>
1850		15,727
1860		17,207
1870		19,543
1880	580	22,052
1890		24,348
1900	762	25,607
1910	1,510	26,951
1920	1,640	26,284
1930	1,827	27,621
1940	2,176	28,541
1950	3,372	31,179

Population Characteristics - The population of Berea has shown an increase of 55.0% during the past decade, while Madison County has shown an increase of 9.2% during the same period. 84.2% of the population of Madison County are native white, 0.2% foreign-born, and 15.6% negro.

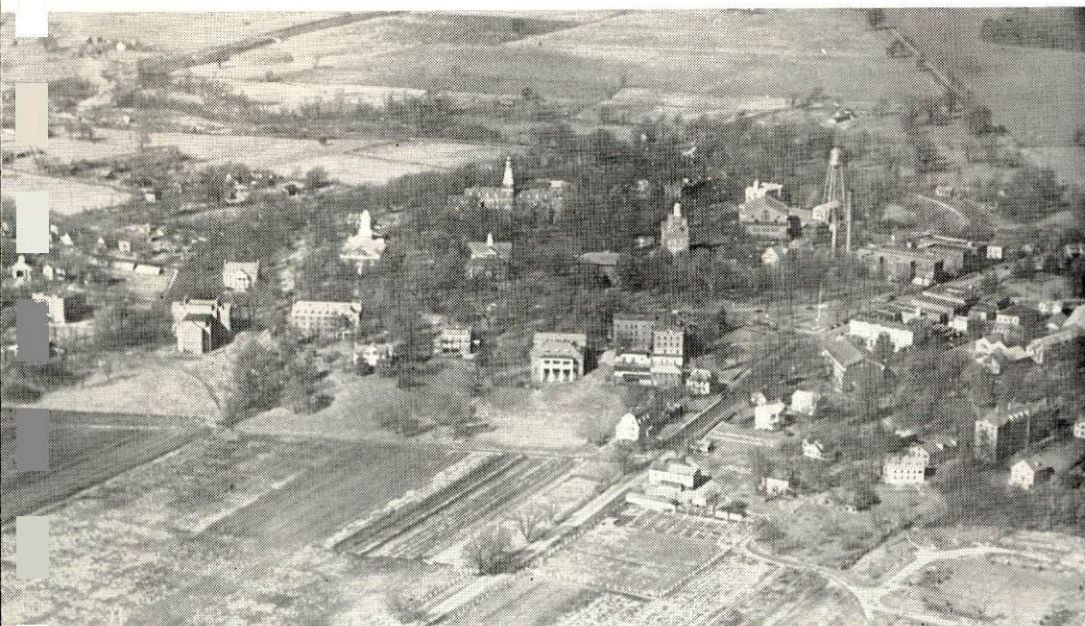
Labor Market Area - The Berea labor market area includes Madison, Jackson, Garrard, and Rockcastle Counties. This is the area from which workers could normally be expected to come for jobs in Berea or Madison County.

Labor Supply - Within the entire Berea labor market area about 5,600 persons would be potentially available for industrial jobs with 2,400 of these men and 3,200 women.





AIR-VIEW EAST BERE A



VIEW BERE A COLLEGE CAMPUS



AIR-VIEW EAST BERE A

# BEREA

KENTUCKY

INCORPORATED

1890

POPULATION

3350

HOME OF  
BEREA COLLEGE  
and  
BEREA COLLEGE  
STUDENT INDUSTRIES

INDUSTRIES  
CHURCHILL WEAVERS, Inc.  
BEREA RUBBER CO., Inc.

AN INVITING HOME  
ATMOSPHERE IN A  
COMMUNITY OF GOOD  
CHURCHES, GOOD  
SCHOOLS, GOOD PEOPLE



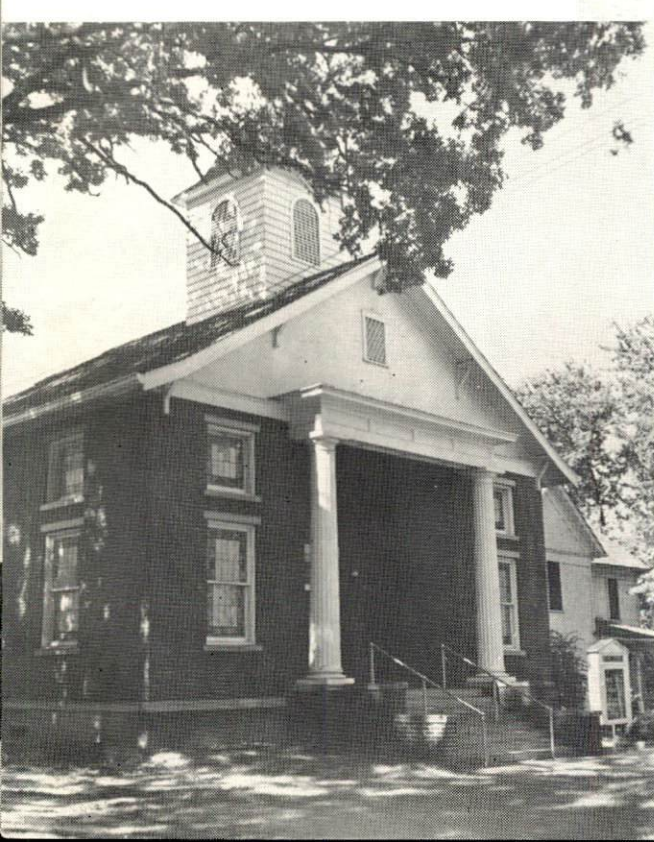




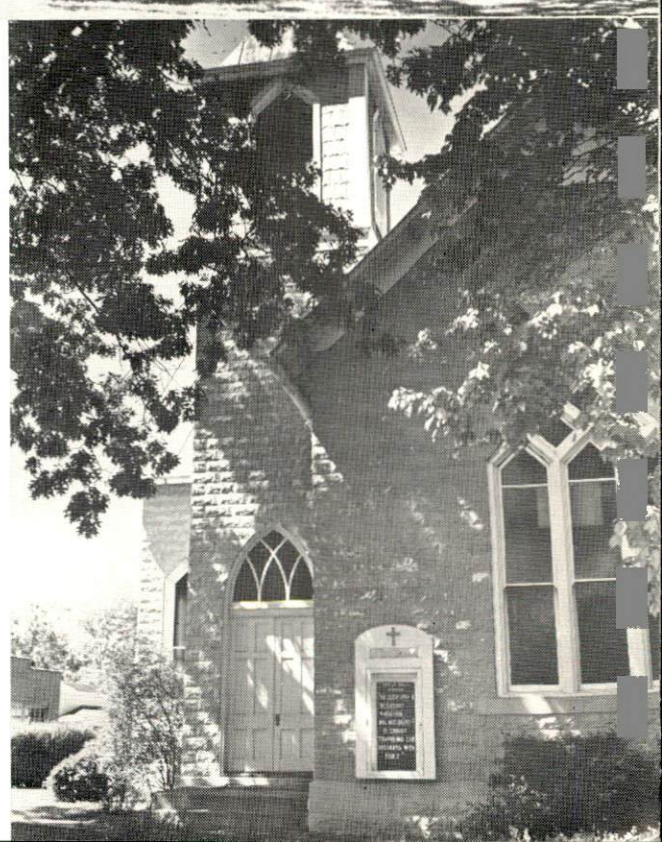
FIRST  
BAPTIST  
CHURCH



UNION CHURCH



CHRISTIAN  
CHURCH



METHODIST  
CHURCH



However, due to commuting problems, it is unlikely that more than 3,000 of these persons would be available for jobs in Berea including about 1,400 men. An estimated 600 men and 900 women would be available from Madison County alone if jobs were located in the county.

Existing Industry

<u>Industry</u>	<u>Product</u>	<u>M</u>	<u>F</u>	<u>T</u>
Berea College Student Industries	Bakery products, candies, etc.	325	325	650
The Churchill Weavers	Hand weavers	8	42	50
Berea Rubber Co.	Industrial molded rubber	50	100	150
		<u>383</u>	<u>467</u>	<u>850</u>

Union Affiliations - None

TRANSPORTATION:

Railroads - Berea is served by the Louisville & Nashville Railroad.

Approximate Transit Times To

Birmingham, Ala.	11 hrs.	Mobile, Ala.	19 hrs.
Cincinnati, Ohio	3 hrs.	Montgomery, Ala.	17 hrs.
Louisville, Ky.	6 hrs.	Nashville, Tenn.	10 hrs.
Memphis, Tenn.	15 hrs.	New Orleans, La.	24 hrs.
		St. Louis, Mo.	8 hrs.

Highways -

Highway Distances To

Atlanta, Ga.	340 mi.	Lexington, Ky.	41 mi.
Birmingham, Ala.	382 mi.	Louisville, Ky.	126 mi.
Chicago, Ill.	430 mi.	Nashville, Tenn.	191 mi.
Cleveland, Ohio	380 mi.	St. Louis, Mo.	350 mi.
Detroit, Mich.	387 mi.	Knoxville, Tenn.	152 mi.



Bus Lines Serving Berea - Greyhound lines with 12 northbound and 12 southbound trips daily.

Truck Lines Serving Berea - Huber & Huber Motor Express, Hayes Freight Lines, Meeks Motor Freight, Youngblood Truck Lines, Dixie-Ohio Express Company, and Dance Freight Lines.

Air - The nearest commercial airport is Blue Grass Field, at Lexington, 41 miles distant. This airport is served by Eastern, Delta, and Piedmont Airlines.

#### COMMUNICATIONS:

Postal Facilities - Berea has a first class post office with 15 employees, 2 city routes, 3 rural routes, and 2 star routes. Mail is received 5 times daily and forwarded 3 times daily. Postal receipts for 1951 totaled \$42,000.

Telephone - Berea is served by the Ashland Home Telephone Company. There are 12 employees and 1,186 subscribers. (See Appendix C for rates).

#### UTILITIES:

Electricity - Berea is served by the Berea College Power Plant (a portion of the power purchased from Kentucky Utilities Company) from a 33,000 volt line, broken down to 2,300 volts. Capacity of Berea Generating Plant is 1,875 KVA, broken down to 1,500 KVA. There are 1,400 subscribers. There were 3,553,182 KWH sold during 1951. Industrial rates are subject to negotiation.



Gas - Berea has no natural gas facilities.

Water - Source - two impounded lakes - 104,700,000 gallons.

Average flow is 400,000 gallons daily. Water is chlorinated and ammoniated. Capacity of water tower is 100,000 gallons and capacity of reservoir is 150,000 gallons. An average of 500,000 gallons could be pumped daily. Average pressure in the downtown area is 60 psi.

The majority of the water mains are 6". There are 800 customers in addition to 1,450 students. Industrial rates are subject to negotiation.

Sewage - The sewage disposal plant was constructed in 1939. Rated capacity is 250,000 gallons daily, average daily flow is 210,000 gallons.

Sewage charge - \$1.00 per mo. minimum - 10¢ for each additional 100 cu. ft. of water used. Sewage income for 1950 was \$14,500.

#### CITY GOVERNMENT AND SERVICES:

Type Government - Berea, a 4th class city, is governed by a mayor and 6 councilmen. The mayor is elected for 4 years, and the councilmen for 2 years. (See Appendix D for Resolution by City Council.)

#### Tax Rates and Laws -

##### Property Tax Rates per \$100 in 1951

	<u>Within City Limits</u>	<u>Outside City Limits</u>
State	\$ .05	\$ .05
County	.50	.50
City	.75	
School	<u>1.50</u>	<u>1.50</u>
Totals	\$ 2.80	\$2.05

(See Appendix E for Kentucky Corporation Tax Information).



Assessment Practice - City - 25%  
County - 20%

Total Assessment in 1951 - City - \$1,817,519.00  
County - \$33,665,131.00

Bonded Indebtedness - City - sewer revenue bonds and interest  
outstanding \$52,000 will be retired by 1962 from revenue derived  
from sewage charge.

County - None

1951 City Income - \$22,000

1951 City Expenditures - \$17,600

Laws Affecting Industry - (See Appendix F for Statute governing  
the Bond Issue Plan).

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

City Services -

Fire Protection - The fire department consists of a chief and  
an assistant. Equipment includes a Seagreaves 750 gpm pumper,  
one 500 gpm pumper, 3300' of 2 1/2" hose, and 400' of 1 1/2" hose.  
The City Council is contemplating the purchase of another 750 gpm  
pumper. Berea has a 7th class fire insurance rating.

Police Protection - The police department consists of a chief  
and 3 patrolmen. The college also employs a night policeman.  
The patrol car is privately owned.

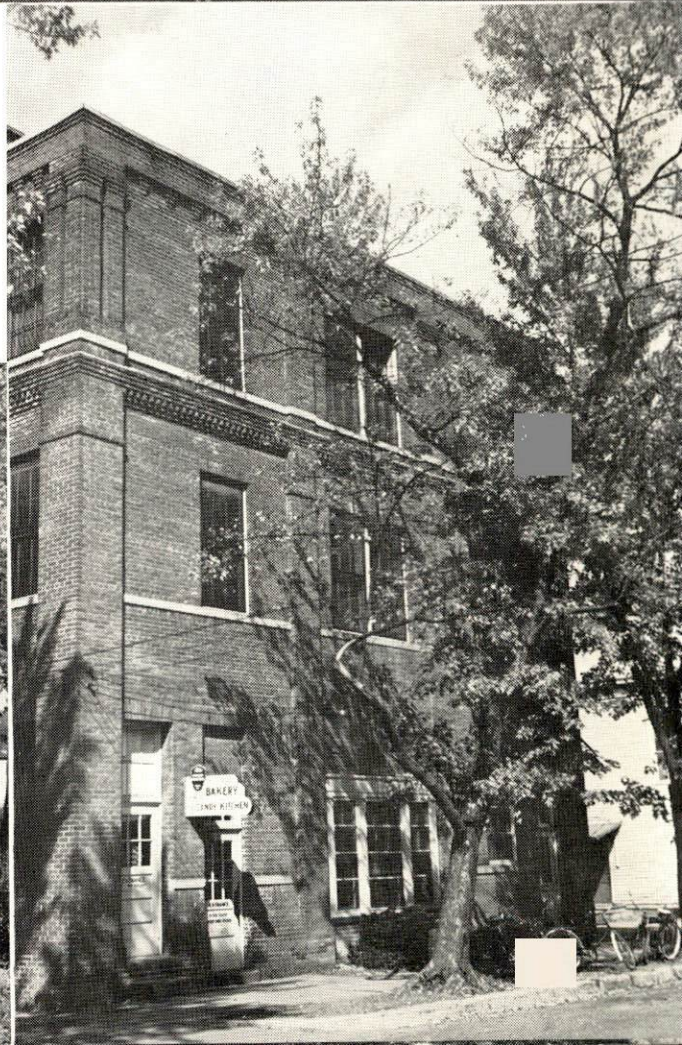




Top—BEREA COLLEGE HOSPITAL

Bottom Right—BEREA COLLEGE BAKERY & CANDY KITCHEN

Bottom Left—BEREA COLLEGE CREAMERY

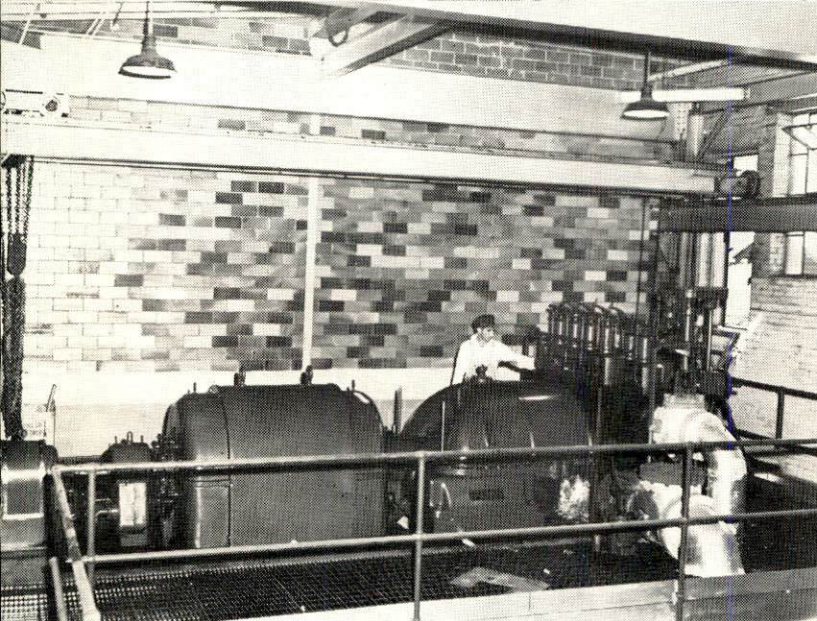






L & N RR  
Freight and  
Passenger Depot

CITY WATER  
Supply Comes  
From Reservoirs  
In Hills



GENERATING PLANT  
for  
City Electrical Needs



A Modern  
SEWER DISPOSAL  
PLANT  
Operated by City





Streets - Berea has 10 miles of paved streets. A street superintendent and crew of 2, with additional men employed as needed, maintain the streets. Streets are cleaned daily in the business area.

Garbage - There is no municipal garbage collection.

#### LOCAL CONSIDERATIONS:

Housing - Housing facilities are very limited. Housing projects are being planned by local builders.

#### Health -

Hospitals - Berea College Hospital, a 54-bed general hospital (non-profit) serves the community.

Doctors - MD's - 8; Dentists - 4; RN's - 69 in Madison County.

Health Program - The Madison County Health Department carries on a program of communicable disease control, venereal disease and tuberculosis control, maternity services, infant and pre-school examinations, school health work, sanitation services and public health education.

<u>Schools</u> -	Grade School			High School		
	<u>Enroll.</u>	<u>Cap.</u>	<u>Teachers</u>	<u>Enroll.</u>	<u>Cap.</u>	<u>Teachers</u>
<u>City</u>	225	at cap.	8	175	at cap.	7
<u>County</u>	2,860	at cap.	70	345	at cap.	39

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



Churches - The following denominations are represented in Berea: Baptist, Catholic, Christian, Church of God, Church of Christ Union, and Methodist.

Libraries - Berea College Library, endowed by Carnegie, is open to the public. There are 115,307 volumes.

Recreation - One indoor theater which changes programs 4 times weekly, and one drive-in which changes programs 3 times weekly. The College also operates a motion picture theater.

Berea Community Memorial Park, consisting of 17 acres, has facilities for softball, croquet, children's playground equipment, picnic tables. There is also the Old City Park which consists of 5 acres. There is a 9-hole golf course, privately owned, at the edge of the city. Renfro Valley, located 15 miles south, is famous for mountain folk music.

Tourist Accommodations -

Hotels - Boone Tavern - 77 rooms; Colonial Hotel - 30 rooms; Blue Grass Hotel - 12 rooms.

Motels - Eplee Motel - 22 rooms; also a new motel under construction which will have 25 rooms.

Newspapers - The Citizens Weekly (Thursday) with a circulation of 1,525.

Radio Stations - Lexington stations WBKY, FM 2300 watts, 91,300 kilocycles; WKLY, AM, 1000 watts, 1300 kilocycles; WLAP, ABC Network, AM, 5000 watts (day), 1000 watts (night), 630 kilocycles;



WLAP-FM, ABC Network, 4000 watts, 94,500 kilocycles; WLEX, LBS Network, AM, 250 watts, 1340 kilocycles.

Banks - Berea Bank and Trust Company with total resources of \$1,529,000 and total deposits of \$1,372,000; Berea National Bank with total resources of \$2,748,000 and total deposits of \$2,460,000.

Retail Businesses

Auto Dealers	5
Clothing	7
Drugs	2
Farm Supplies & Hdwe	4
Groceries	7

Service Establishments

Barber Shops	4
Dry Cleaners	2
Frozen Food Lockers	1
Laundries	1
Restaurants	11
Service Stations	9

Retail, wholesale and service establishment sales -

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

Retail sales during 1948 aggregated \$15.8 million, an increase of 193% over the \$5.4 million in 1939. Wholesale sales reached a total of \$12.6 million in 1948 as compared with \$5.2 million in 1939. The service trades included in the Census of Business recorded receipts totaling \$1.0 million in 1948 compared with \$0.3 million in 1939.

Employment in the county also rose over this 9-year period for the above trades. Establishments in these trades reported a combined total of 1,239 paid employees for the workweek ended nearest November 15, 1948 as compared with a total of 853 employees for the week of November 15, 1939.



## Clubs and Organizations

Civic - Chamber of Commerce, Lions Club, Kiwanis Club,  
Progress Club.

Fraternal - American Legion, Masonic, J. O. A. M.

Women's - Women's Club, Beacon Light, Younger Women's Club,  
Business and Professional Women's Club, Eastern Star.

Youth - Boy and Girl Scouts, FFA, 4-H Club, Brownies, Cubs,  
Teen Age Club.

## Climate -

	Temperature (30-yr. rec.)	Precipitation (30-yr. rec.)	Relative Humidity		
			6:30 a. m. (51-yr. rec.)	12:30 p. m. (21-yr. rec.)	6:30 p. m. (16-yr. rec.)
Jan.	36.7	4.70	83	75	73
Feb.	37.9	3.25	82	70	68
Mar.	47.1	4.94	80	65	65
Apr.	56.0	3.79	75	59	60
May	65.2	3.99	76	59	64
June	73.1	4.63	78	58	66
July	76.4	4.73	78	56	67
Aug.	75.0	4.17	81	58	67
Sept.	69.8	2.92	81	58	65
Oct.	58.6	2.76	79	58	62
Nov.	45.8	3.21	80	66	68
Dec.	37.8	4.12	84	73	70

Ann. Norm. 56.6°F 47.21 inches

Frost Free Period - April 18 to October 19; Growing Season 184 days

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

Number of Days With - Precipitation over 0.01 in. (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

Prevailing Winds - From southwest



## RESOURCES:

Mineral - The mineral resources of Madison County are limestones, clays, coal, petroleum and natural gas, sands and gravels, sandstone, and shale. The occurrence, within the county, of non-commercial barite, fluorite and calcite has been reported.

Limestone is widely distributed in the County. Different grades can be used for road and railway construction, building construction, and agricultural lime. Clays suitable for the manufacture of brick, tile, and different types of pottery occur. Coal in economic quantities occurs in the County. Commercial production, during 1950, amounted to 6,392 tons. Sands occur which can be used for general construction. Some deposits of sands and gravels can be used for highway and concrete construction. Oil and gas have been produced, in relatively small amounts, from a number of wells. Sandstone has been quarried and used for building construction. Freestone, a variety of sandstone which is easily shaped into dimension blocks, occurs in the southwestern portion of the County. Clay shales are present which can be used for brick and tile manufacture. The Chattanooga black shale, which has extensive occurrence in the County, affords a possible future source of raw material for synthetic liquid fuels.

## INDUSTRIAL MARKETS:

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



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AVAILABLE INDUSTRIAL SITES:

There are several desirable industrial sites in Berea. For detailed information write the Berea Chamber of Commerce, or the Kentucky 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 Law	App. B
Telephone Rates	App. C
Resolution by City Council	App. D
Kentucky Corporation Taxes	App. E
Kentucky Revised Statutes - Bond Issue Plan	App. F
Cooperating State Agencies	App. G



HISTORY AND GENERAL DESCRIPTION

Berea is a little city set on a hill -- really five ridges in the shape of a man's hand. In the background to the east and the south are the foothills of the Cumberland Mountains. Prominent among these knobs are Pilot Knob, Robes Mountain, East and West Pinnacles, and other lesser elevations. Big Hill is a prominent point of observation. From here one gets a breath-taking sweep of the valley to the north with Pilot Knob as the center of attraction. The city is noted for its neatness and cleanliness, its churches and school system.

Berea College owns five thousand acres of land, and its 1800 students earn while they learn. They pay their tuition through labor in one of the many industries carried on the college campus. It is the oldest and largest of the mountain schools, and has paved the way to new horizons for generations of youth. There are 85 buildings on the 300 acre campus. At its Fee Memorial Church 23 denominations worship.

Another unique enterprise is the Churchill Weavers, known for its handwoven products. From a small establishment this has now come to enjoy a national market. In addition, more than sixty varied businesses have developed through the years. Madison County is noted for its scenic beauty and is the mecca of thousands of tourists each year.



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

County	Total Mfg.	Food and Kind. Prods.	Tobacco	Cloth. Text. and Leath.	Lbr. and Furn.	Print. Publ. and Paper	Chem. Petr. Coal, Rubber	Stone, Clay and Glass	Pri- mary Met.	Mach. Metal Prods. Equip.	Other
Madison	958	54	128	51	0	19	149	23	0	534	0
Jackson	32	0	0	0	32	0	0	0	0	0	0
Garrard	308	8	0	282	0	7	0	11	0	0	0
Rockcastle	29	0	0	0	26	3	0	0	0	0	0
Totals	1,327	62	128	333	58	29	149	34	0	534	0

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

County	All Ind.	Mining and Quar- rying	Contract Con- struction	Mfg.	Transp. Comm. and Util.	Whlse. and Retail Trade	Fin. Ins., Real Estate	Services	Other
Madison	2,772	47	72	958	197	1,213	65	220	0
Jackson	140	38	4	32	52	9	5	0	0
Garrard	621	0	32	308	32	203	20	26	0
Rockcastle	206	70	2	29	27	13	13	52	0
Totals	3,739	155	110	1,327	308	1,438	103	298	0



## TELEPHONE RATES

	<u>Individual</u>	<u>Two-Party</u>	<u>Four-Party</u>	<u>Extension</u>
Business	\$6.50	\$5.75	-----	\$1.50
Residential	3.75	3.25	3.00	1.00



RESOLUTION

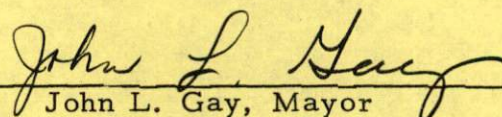
WHEREAS, the citizens of Berea, Kentucky, and the people of the surrounding area would greatly benefit by the location in the City of new industrial and business establishments employing men and women, and

WHEREAS, the Berea Chamber of Commerce and other civic minded groups are actively engaged in the promotion of the industrial development of this City, and

WHEREAS, the City of Berea is well-situated with an abundant and productive supply of labor, excellent transportation facilities, electric power, water, and other facilities:

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Berea, Kentucky, endorses the efforts of these groups to secure the location of suitable industries for this City; and extends a cordial invitation to industrial and business enterprises to locate in this City; and pledges its wholehearted cooperation; and assures them of the aid and good will of our officials in this program:

WHEREFORE, by unanimous vote of the City Council, this Resolution was passed and approved the 1st day of April, 1952.

  
John L. Gay, 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¢ 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 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**

**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 reversion 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.



### 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.