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# Industrial Resources: McCreary County - Whitley City, Pine Knot and Stearns

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# ECONOMIC & INDUSTRIAL SURVEY

of

## Whitley City - Pine Knot - Stearns



Prepared By

PINE KNOT KIWANIS CLUB

— and —

THE AGRICULTURAL & INDUSTRIAL DEVELOPMENT BOARD

— of —

KENTUCKY

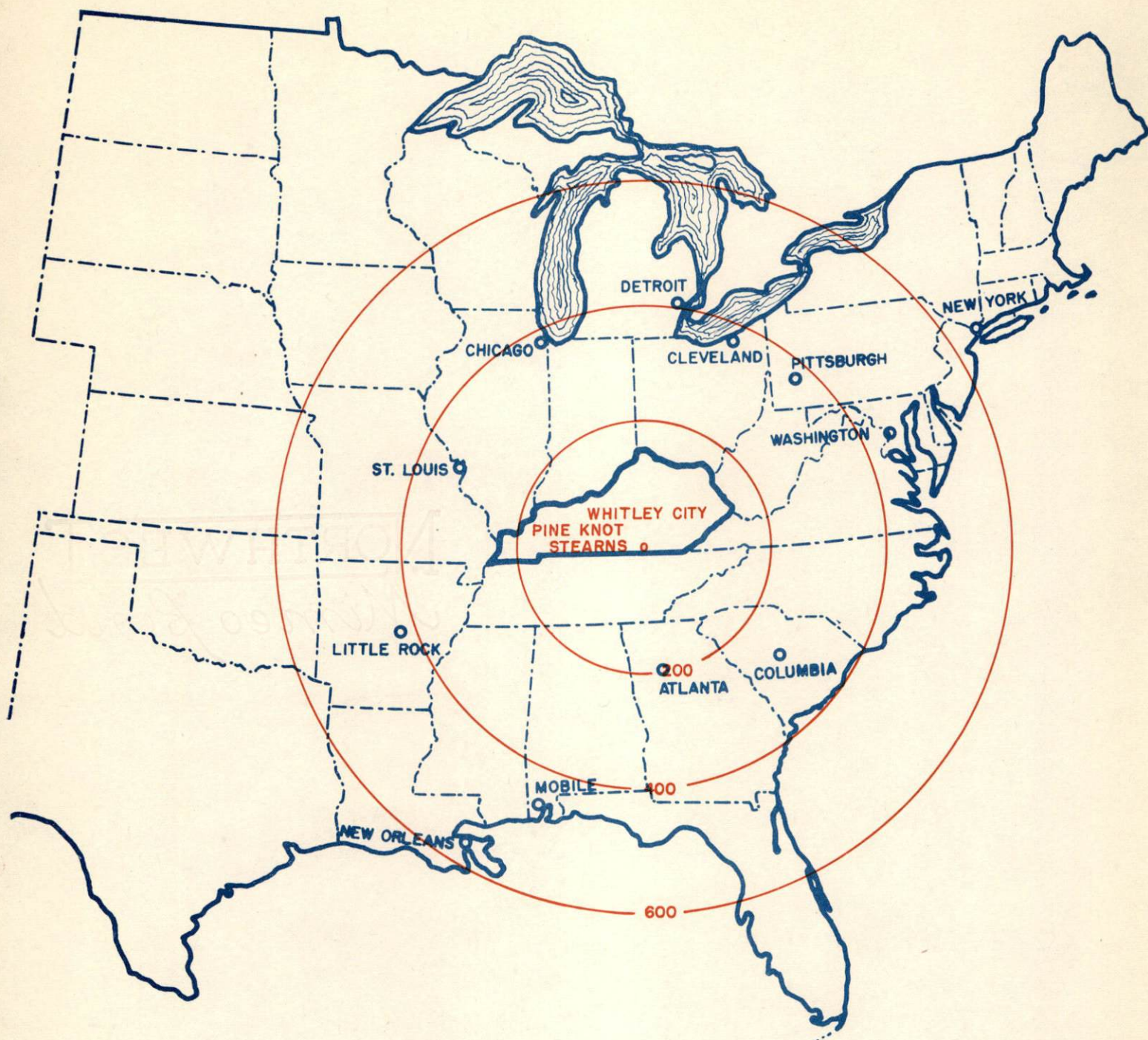
*Missouri Valley*  
*NORTHWEST*

ECONOMIC & INDUSTRIAL SURVEY  
OF  
WHITLEY CITY-PINE KNOT-STEARNES

Prepared by  
Pine Knot Kiwanis Club  
and  
The Kentucky Agricultural and Industrial Development Board  
August 19, 1952

*Missouri Valley*





# WHITLEY CITY - PINE KNOT - STEARNS KENTUCKY

HAS 50,000,000 CUSTOMERS  
WITHIN ITS MARKET AREA



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## WHITLEY CITY-PINE KNOT-STEARNs, KENTUCKY

### POPULATION AND LABOR:

#### Population Figures

##### McCreary County

1920	11,676
1930	14,627
1940	16,451
1950	16,660

Whitley City, Pine Knot and Stearns constitute a closely inter-related urban area, and for this reason population figures are given for McCreary County only.

Population Characteristics - McCreary County showed an increase of 1.3% in population in the past decade. 99.8% of the population of the County are native white, and 0.2% negro.

Labor Market Area - The labor market area for these three towns would probably be restricted to McCreary County. Distances to other points make this one of the few areas in Kentucky where labor supply would be drawn from only one county.

Industrial Characteristics - Agricultural employment totaled 1,307 in this county as reported by the 1950 Census of Agriculture. In September, 1951 mining and quarrying furnished 852 jobs while only 94 jobs were furnished by manufacturing.

Labor Supply - A potential labor supply of 500 men and 900 women would be available for factory jobs in this area. This supply would consist of women not now in the labor market and men on low income jobs. This is gross labor supply and does not take into account age or skills.



<u>Wage Rates -</u>		<u>Male</u>	<u>Female</u>
<u>Skilled</u>	average	\$1.13	\$ .85
<u>Semi-skilled</u>	- average	.83	.63
<u>Unskilled</u>	average	.69	.50
<u>Carpenters</u> - \$1.00 - \$1.31			
<u>Electricians</u> - \$1.00 - \$1.925			
<u>Painters</u> - \$1.31			
<u>Plumbers</u> - \$1.925			

Existing Industry -

<u>Industry</u>	<u>Product</u>	<u>M</u>	<u>F</u>	<u>T</u>
<u>Whitley City</u>				
Dixie Transport Co.		100	25	125
Walters Lbr. Co.	Lumber	6	0	6
Lovett Ice Cream Co.	Ice cream products	3	2	5
		<u>109</u>	<u>27</u>	<u>136</u>
<u>Pine Knot</u>				
King Lbr. Co.	Lumber	10	1	11
J. E. Patrick & Sons	Lumber	9	0	9
Coy Taylor Lbr. Co.	Hardwood lumber	10	0	10
Ott Griffis	Coal	8	0	8
Blevens Lbr. Co.	Lumber	12	0	12
		<u>49</u>	<u>1</u>	<u>50</u>
<u>Stearns</u>				
Stearns Coal & Lbr. Co.		936	20	956

Above figures include administrative and clerical employees.

Union Affiliations - United Construction Workers, U.M.W.,

United Mine Workers.



TRANSPORTATION:

Railroads - Whitley City, Pine Knot and Stearns are served by the Southern Railway System and the K & T Railway Company. Southern main line Cincinnati-Chatanooga. Local train north and south provides switching facilities. Through trains will pick-up and set off. Three passenger trains each way - the Royal Palm, Ponce de Leon, and Carolina Special. K & T serves the Stearns mill and mines. Interchanges with Southern at Stearns. Outbound carloadings - 900 per month; inbound carloadings - 10 per month; principal commodities - coal and lumber.

Approximate Transit Times To

Atlanta, Ga.	2nd morning	New Orleans, La.	3rd morning
Chicago, Ill.	3rd morning	New York, N. Y.	5th morning
Cleveland, Ohio	4th morning	Pittsburgh, Pa.	4th morning
Detroit, Mich.	4th morning	St. Louis, Mo.	3rd morning

Highways -

Highway Distances To

Atlanta, Ga.	224	Detroit, Mich.	465
Birmingham, Ala.	330	Louisville, Ky.	165
Cincinnati, Ohio	190	Nashville, Tenn.	170
Chicago, Ill.	470		

Truck Lines - Eldridge Truck Line, Somerset-Knoxville Truck Lines and Hayes Freight Lines.



Bus Service - Southeastern Greyhound, north-south 6 round trips daily; Short Ways, Somerset to Oneida, Tenn., 2 round trips daily; Ken-Ten Bus Line, Williamsburg to Whitley City 2 round trips daily; Bell Bros. Bus Line, Monticello to Whitley City 2 round trips daily.

Air - Somerset-Pulaski County Airport, 30 miles distant, has a 3,000' asphalt runway. This is a class 2 airport.

#### COMMUNICATIONS:

Postal Facilities - Whitley City has a 3rd class post office with 2 employees; Pine Knot has a 3rd class post office with 2 employees and 2 star routes; Stearns has a 2nd class post office with 3 employees, 1 star route. Mail is received and set out 3 times daily by rail and once by truck. Postal receipts average \$10,000 annually.

Express Facilities - Railroad agent at Pine Knot and Stearns.

Telephone - Whitley City is served by the Southern Continental Telephone Company; Pine Knot has a private phone company incorporated by local citizens and plan to install dial system to connect with Southern Continental; Stearns is served by the Stearns Coal and Lumber Company which connects with the Southern Continental. (See Appendix C-1 for rates).

Telegraph - Western Union maintains an office at Stearns.

#### UTILITIES:

Electricity - Electric power is provided by the Stearns Coal and Lumber Company - 60 cycle, 3 phase, steam generators produce 3,000 KW. R. E. A. also serves Pine Knot and Whitley City - 66,000 KW. (See Appendix C-2 for rates).



Water - Stearns water supply is provided by the Stearns Coal and Lumber Company from an artificial lake. Storage capacity is 50,000 gallon tank on the lake. Neither Whitley City nor Pine Knot have a central water supply. Water is obtained from private wells. (See App. C-3)

Sewage - Individual septic tanks.

#### GOVERNMENT AND SERVICES:

Type Government - County Judge and Magistrates are elected for 4 years. County law officers include: sheriff and deputies, and a constable.

#### Tax Rates and Laws -

State	\$ .05
County	.70
School	<u>1.50</u>
Total	\$2.25

(See Appendix D for Kentucky Corporation Taxes).

Assessment Practice - McCreary County - 33 1/3% of true value

Total Assessment 1951 - McCreary County - \$7,796,481

Bonded Indebtedness - County - \$113,000, 4% road and bridge bonds

issued 10/1/42, \$77,000 outstanding, to be retired 10/1/71; \$96,000

4 1/2% refunding bonds (series A) issued 10/1/40, \$77,000 outstanding,

to be retired 4/1/71; \$39,000, 4 1/2% refunding bonds (series B),

issued 10/1/40, \$37,000 outstanding, to be retired 4/1/75; \$13,000

4 1/2% refunding bonds (series C), issued 10/1/40, \$10,000

outstanding, to be retired 4/1/78.



Laws affecting Industry - (See Appendix E for copy of Act governing the Bond Issue Plan).

Services -

Fire Protection - Whitley City has a volunteer fire department equipped with a 400 gallon capacity pump truck; Stearns has a volunteer fire department equipped with a 400 gallon capacity pump truck and a 3,000 gallon tank truck. Fire hydrants are on the company's business property only.

LOCAL CONSIDERATIONS:

Health -

Hospitals - The nearest hospital to Whitley City, Pine Knot and Stearns is the Somerset City Hospital (30 miles distant) with 85 beds, 16 physicians, and a staff of 86 persons.

Doctors - Whitley City - 2 MD's; Stearns - 1 Dentist, 2 MD's. There is one Registered Nurse in McCreary County.

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

<u>Schools</u> -	Grade - 53			High - 3		
	<u>Enroll.</u>	<u>Cap.</u>	<u>Teachers</u>	<u>Enroll.</u>	<u>Cap.</u>	<u>Teachers</u>
<u>County</u>	3,631	4,000	95	601	800	21



Colleges - Colleges in the area include: Centre College, Danville; University of Kentucky and Transylvania College, Lexington; University of Louisville, Louisville; East Kentucky College, Richmond; Berea College, Berea; Cumberland College, Williamsburg.

Churches - Whitley City - Baptist, Holiness, Methodist, Christian; Pine Knot - Baptist, Holiness; Stearns - Baptist, Holiness, Congregational, Seventh Day Adventist.

Libraries - The Baptist Church at Stearns maintains a library of 1,000 volumes which is open to the public 2 days a week.

Recreation - Stearns has a swimming pool and a 9-hole golf course. In each town there is one movie theater which changes program 3 times weekly.

Tourist Accommodations -

Hotels - One at Whitley City with 14 rooms; one at Stearns with 37 rooms.

Motels - Shell Grove (near Tennessee line) with 20 units; Cumberland Court (Whitley City) with 8 units.

Newspapers - Stearns - McCreary County Record (weekly) with a circulation of 1,175.

Radio Stations - WSFC, 250 Watt at Somerset; WCTT, 1,000 Watt at Corbin.

Banks - Whitley City - Bank of McCreary County with total resources of \$1,572,000 and total deposits of \$1,412,000.



Retail Businesses

Auto Dealers	5
Clothing	5
Drugs	2
Farm supplies & hdwe	3
Furniture	6

Service Establishments

Barber Shops	5
Beauty Shops	1
Dry Cleaning	1
Restaurants	7
Service Stations	12

Retail, Wholesale and Service Trade Sales -

Retail and service establishments in McCreary 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 \$5.2 million an increase of 225% over the \$1.6 million in 1939. The service trades recorded receipts totaling \$131,000 in 1948 compared with \$34,000 in 1939. Wholesale sales reached a total of \$1.1 million in 1948.

Clubs and Organizations -

Civic - Pine Knot Kiwanis Club, Pine Knot Service Club;

Whitley City Lions Club, and Business and Professional Women's Club; Stearns Men's Club, and Stearns Women's Club.

Fraternal - Stearns - American Legion, Masonic; Whitley City -

J. R. O. U. A. M.

Youth - Boy Scouts



<u>Clim ate</u> -	Relative Humidity				
	Temperature (30-yr. rec.)	Precipitation (30-yr. rec.)	7:30 a. m. (64-yr. rec.)	1:30 p. m. (34-yr. rec.)	7:30 p. m. (64-yr. rec.)
Jan.	38.4	4.30	83	65	69
Feb.	39.3	3.88	81	60	64
Mar.	48.7	4.83	78	54	59
Apr.	56.7	4.10	75	49	53
May	65.9	4.23	78	51	58
June	74.0	4.41	80	53	63
July	77.1	5.04	83	55	66
Aug.	65.2	4.72	86	57	68
Sept.	71.3	3.04	86	53	66
Oct.	59.3	2.67	86	52	63
Nov.	46.9	3.23	83	57	64
Dec.	39.3	3.81	84	65	69

Ann. Norm. 57.8°F 48.26 inches

Prevailing Wind (33-yr. rec.) - from Southwest

Days Cloudy or Clear (81-yr. rec.) - 120 clear, 121 partly cloudy,  
124 cloudy

Percent of Possible Sunshine - Annual 57%

Number of days with - 1.0 or more snow, sleet, hail (68-yr. rec.) - 3  
Thunderstorms (71-yr. rec.) - 48  
Heavy Fog (71-yr. rec.) - 18

Seasonal Heating Degree Days (51-yr. rec.) - approximate long-term  
means 3,777 degree days.

Frost Free Period - April 16 to October 21

Growing Season - 188 days

## RESOURCES:

Mineral - The important mineral resources of McCreary County  
are: coal, petroleum and natural gas, limestone, and sands and gravels.



Coal - McCreary County lies within the Cincinnati Southern District of the eastern coal field. About eight coals are present. Of these, the No. 1 (Hudson), No. 1 1/2 (Hudson Rider), No. 2 (Beaver Creek), and No. 3 (Barren Fork) are the most important. Spot analyses, i. e., they may not be typical, of the No. 1 and No. 1 1/2 seams show:

Seam No.	Moisture	Volatile Matter	Fixed Carbon	Ash	Sulphur	Air Drying Loss	Calories	Btu	Softening Temp.
1	3.5	37.4	51.6	7.5	2.3	1.4	7,328	13,190	2,345
1 1/2	4.2	36.2	55.1	4.5	.7	1.8	7,545	13,580	2,630

During 1950, McCreary County produced 779,077 tons of bituminous coal and ranked 16th among the coal producing counties of the State.

Petroleum and natural gas - Oil and gas have been produced in the area, particularly in the western portion of the County. During 1950, McCreary County ranked 39th among the oil producing counties of Kentucky, with a production of 1,261.40 barrels.

Limestone - Limestones, which can be used for building construction, highway metal, railroad ballast, agricultural lime, and as an ingredient in portland cement, occur in the County.

Sands and Gravels - Sands, which can be used for general construction, occur. Available gravels can be used to construct roadways and for other building purposes.



Timber - As of June, 1950, the U. S. Forest Service owned 150,777 acres in McCreary County, plus 31,779 acres in Whitley County, 459 acres in Wayne County, and about 12,300 acres in Pulaski County -- a total for the area of 195,315 acres.

The species found on this acreage in order of importance are: shortleaf pine, white oak, yellow poplar, basswood, hemlock, other pine, chestnut oak, black oak, scarlet oak, beech, maple, red oak, and hickory.

By letter dated December 17, 1951, H. L. Borden, Forest Supervisor, U. S. Department of Agriculture, Forest Service, Cumberland National Forest, stated in part as follows:

.. "We are planning to spend some time on field work in the near future to determine the volume that can be removed in the form of cord wood. With information of a tangible form in our possession, we intend to approach industry with the idea of developing an interest in this additional resource. If it works out, the harvesting of pulpwood should become a stable industry for this section, and furnish an additional opportunity to business and labor alike...

"I will summarize the answers to the questions you requested, briefly, in the event you have difficulty segregating it from the background material I have given you.

The amount of growth now	- Sawlogs - 6 million bd. ft. annually
The amount of growth now	- Pulpwood - 5,000 cords annually

The amount of growth in 20 years	- Sawlogs - 20 million bd. ft. annually
The amount of growth in 20 years	- Pulpwood - 8,000 cords annually



"All allowable annual growth in the form of sawlogs is being cut currently. It is expected we will be able to increase this cut to 8 or 10 million feet after the 1952 inventory has been completed.

"None of the pulpwood growth is being utilized at present. A market for this material must be developed."

#### INDUSTRIAL MARKETS:

There are, within the market area of Whitley City, Pine Knot and Stearns, an estimated 50,000,000 customers. Cities in the area include: St. Louis, Chicago, Detroit, Pittsburgh, Atlanta, and New Orleans.

#### AVAILABLE INDUSTRIAL SITES:

There are several good industrial sites, adjacent to railway and highway facilities, which are available. For further information write the Kentucky Agricultural and Industrial Development Board, 415 Ann Street, Frankfort, Kentucky.



## APPENDIX

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Table Showing Number of Workers Covered by Kentucky Unemployment Insurance	App. B
Telephone Rates	App. C-1
Power Rates	App. C-2
Water Rates	App. C-3
Kentucky Corporation Taxes	App. D
Kentucky Revised Statutes - Bond Issue Plan	App. E
Cooperating State Agencies	App. F



HISTORY AND GENERAL DESCRIPTION

Whitley City, the county seat of McCreary County, in almost the geographical center of the county, is located on the dividing ridge between the main and south fork of the Cumberland River, and has an elevation of 1,317 feet, the highest of any county seat in Kentucky. It was named in honor of Colonel William Whitley, famous pioneer leader and Indian fighter, before McCreary County was cut off from the county which bears his name.

Stearns, 3 miles south of Whitley City, is the largest community in the area.

It is a modern town maintained by the Stearns Coal and Lumber Company.

Pine Knot, 6 miles south of Whitley City, is the smallest community of the three covered by this survey.

McCreary County, the 120th county in Kentucky, was formed in 1912 out of Wayne, Pulaski and Whitley Counties. It was named for James Bennett McCreary, twice governor of Kentucky. It is situated in the southeastern part of the state with the southern border on the Tennessee line, and comprises some 259,849 acres of which over 150,000 are owned by the U. S. Forest Service. The entire county is within the boundary of the Cumberland National Forest. Central and southeastern McCreary County exhibit steep-sided, forested, winding ridges with narrow meandering valleys. Northwestern McCreary County is an area of great scenic beauty. The precipitous relief along the gorge of the main Cumberland River, together with the remaining stand of virgin timber combine to make this a region of outstanding natural beauty. A somewhat similar relief, though not quite as pronounced, is found in western McCreary County along the Lower South Fork of the Cumberland River.



## Appendix B

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

County	Total Mfg.	Food and Kind. Prods.	Tobacco	Cloth., Text., Leath.	Lbr. and furn.	Print. Publ. and Paper	Chem. Petro. Coal, Rubber	Stone Clay and Glass	Pri- mary metal	Mach. Metal Prods. Equip.	Other
McCreary	94	0	0	0	94	0	0	0	0	0	0
Wayne	213	0	0	0	213	0	0	0	0	0	0
Pulaski	667	38	123	74	365	18	35	11	0	3	0
Laurel	356	109	96	0	113	4	25	9	0	0	0
Whitley	388	76	1	200	40	27	2	37	0	0	5
Totals	1,718	223	220	274	825	49	62	57	0	3	5

NUMBER OF WORKERS COVERED BY  
KENTUCKY UNEMPLOYMENT INSURANCE LAW  
FOR McCREARY 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
McCreary	896	655	8	94	45	30	6	58	0
Wayne	460	37	2	213	24	134	14	36	0
Pulaski	2,397	131	45	667	249	972	72	261	0
Laurel	1,151	147	65	356	78	397	21	87	0
Whitley	2,113	516	88	388	118	711	62	230	0
Totals	7,017	1,486	208	1,718	514	2,244	175	672	0



# Appendix C

## TELEPHONE RATES - Appendix C-1

<u>Whitley City</u>	<u>Individual</u>	<u>Two-Party</u>	<u>Rural</u>	
Business	\$4.75	\$4.25	\$3.75	
Residential	2.50	2.15	2.00	
<u>Stearns</u>	<u>Individual</u>	<u>Two-Party</u>	<u>Three-Party</u>	<u>Rural</u>
Business	\$4.10	\$3.75	\$3.50	
Residential	2.75			\$2.50

## POWER RATES - Appendix C-2

<u>Residential</u>				<u>R. E. A.</u>		
First	12 kwh	\$1.00	\$1.00	First	30 kwh	\$2.50
Next	18 kwh @6¢	1.08	2.08	Next	50 kwh	.045 per kwh
Next	20 kwh @5¢	1.00	3.08	Next	120 kwh	.025 per kwh
Over	50 kwh @3¢			Over	200 kwh Res.	.015 per kwh
				Over	200 kwh Comm.	.025 per kwh
				Over	200 water heater.	.01.1 per kwh

### Commercial

Minimum Charge \$1.25

First	10 kwh @10¢	\$1.00	\$1.00
Next	90 kwh @7¢	6.30	7.30
Next	100 kwh @6¢	6.00	13.30
Next	100 kwh @5¢	5.00	18.30
Over	300 kwh @3¢		

## WATER RATES - Appendix C-3

Stearns -	\$ .55 without bath
	1.65 with bath



## 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%<sup>1</sup> 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

<sup>1</sup> 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 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.