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Industrial Resources: Montgomery County - Mount Sterling

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ECONOMIC & INDUSTRIAL
SURVEY

of

Mt. Sterling, Ky.



Prepared By

MT. STERLING CHAMBER OF COMMERCE

— and —

THE AGRICULTURAL & INDUSTRIAL DEVELOPMENT BOARD

— of —

KENTUCKY

ECONOMIC & INDUSTRIAL SURVEY
OF
MT. STERLING, KENTUCKY

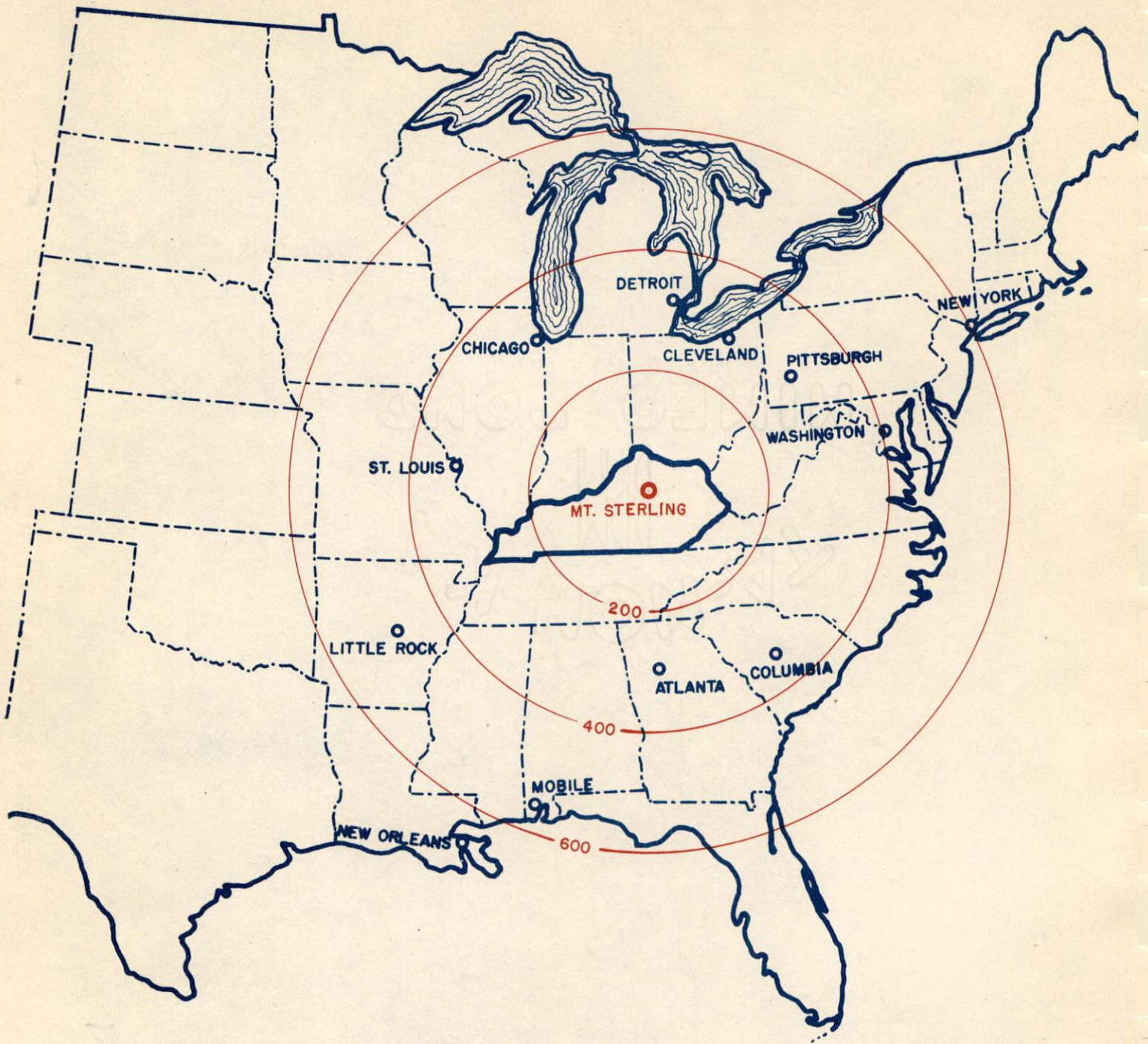
Prepared by

The Mt. Sterling Chamber of Commerce
and
The Agricultural and Industrial Development Board
of Kentucky

September 17, 1951



AERIAL VIEW OF MT. STERLING



MOUNT STERLING, KENTUCKY
HAS 50,000,000 CUSTOMERS
WITHIN ITS MARKET AREA

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MT. STERLING, KENTUCKY

Mt. Sterling, located at the eastern edge of the Blue Grass Region of Kentucky, is the county seat and trade center of Montgomery County. U. S. Highways #460 and #60 intersect at Mt. Sterling, 35 miles east of Lexington. (See Appendix A for History and General Description).

POPULATION AND LABOR:

Population Figures 1850 to 1950

	<u>Mt. Sterling</u>	<u>Montgomery County</u>
1850	494	6,666
1860	754	7,859
1870	1,040	7,557
1880	2,087	10,566
1890	3,629	12,367
1900	3,561	12,834
1910	3,932	12,868
1920	3,995	12,245
1930	4,350	11,660
1940	4,782	12,280
1950	5,294	13,025

Population Characteristics - The population of Mt. Sterling has shown an increase of 9.3% during the past ten years, while Montgomery County registered an increase of 6.1% during the same period. Approximately 81% of the residents are native-born white, with 19% being colored. The educational median is 8.5, which is slightly above the average for the state. 53% of the population is female, 47% male. There has been a natural increase in population; however, a numerical study of the productive age group shows an out-migration, particularly male, between the ages of 20 and 45. Income derived from industrial wages would be considered as a supplement to present incomes for many of the farm residents.

Labor Market - The Mt. Sterling labor supply area would include Bath, Bourbon, Clark, Menifee, and Nicholas Counties. The population center of each of these counties is within 25 road miles of Mt. Sterling. This is easy commuting distance in most sections of Kentucky. The population of the entire labor supply area was 79,227 in 1950, about 2% lower than in 1940.

Industrial Pattern - The Mt. Sterling labor supply area is predominantly agricultural with over half of the employment in this industry. In December, 1950, employment covered by unemployment insurance totaled about 5,800 including 2,246 in manufacturing. Covered employment in Montgomery County was 1,245 in this month with 94 in manufacturing. Apparel firms furnish roughly 6 out of 10 manufacturing jobs. During the winter months, tobacco warehousing furnishes employment to a few hundred seasonal workers. Most of the major apparel plants have located in the area since 1944. The relative thinness of manufacturing is pointed up by the fact that only 2.4 of each 100 residents of the area and 3.1 in Montgomery County alone are working in manufacturing. (See Appendix B for table showing number of workers covered by Unemployment Insurance)

Labor Supply - The labor supply estimate furnished in this statement is an estimate of the approximate number of workers who would be available for industrial employment at the prevailing industrial wage in the area.

Labor supply for new industry of this type of area will come from several sources, the most important of which are: (1) transfers of workers from farm employment to industrial employment, (2) entrance of women into the labor force from the home, (3) shifts of both men and women from non-farm jobs to more attractive industrial jobs. The supply of labor available will, of course, be largely determined by wage rates and working conditions.

It is conservatively estimated that at least 3,000 workers would be available for factory jobs in this area. About half would probably be men and half women. The estimate of available male workers is based on surveys which have been conducted in similar areas.

Wage Data - During the fourth quarter of 1950, the average weekly wage in manufacturing in Montgomery County was \$39.13 which is well below the state average. This average wage is computed from unemployment insurance data by dividing quarterly wages by 13 and dividing by the average employment.

<u>Existing Industry</u>	<u>Product</u>	<u>M</u>	<u>F</u>	<u>T</u>
Atlas Concrete Products	Concrete blocks	10	1	11
Coca Cola Bottling Co.	Soft drinks	6	0	6
* Cowden Mfg. Co.	Men's work clothes	13	251	264
Enoch Mfg. Co.	Work gloves	25	75	100
Highway Concrete Pipe Co.	Concrete pipe	19	63	82
Home Lumber Co.	Lumber	10	0	10
Hunt Candy Co.	Candies	3	5	8
Mahler Packing Co.	Pork & beef products	4	0	4
McCormick Lumber Co.	Lumber	25	0	25
Mt. Sterling Packing Co.	Pork & beef products	12	0	12
Sun-Crest Bottling Co.	Soft drinks	2	1	3
Wright Bros. Poultry Co.	Poultry products	8	1	9
		<u>137</u>	<u>397</u>	<u>534</u>

Union Affiliations - *United Garment Workers, Local No. 199

TRANSPORTATION:

Railroads - Mt. Sterling is served by the Chesapeake and Ohio

Railway Company.

Approximate Transit Times -

Atlanta, Ga.	2 days	New Orleans, La.	4 days
Chicago, Ill.	3 days	New York, N. Y.	4 days
Cleveland, Ohio	3 days	Pittsburgh, Pa.	3 days
Detroit, Mich.	3 days	St. Louis, Mo.	3 days
Mobile, Ala.	3 days	Washington, D. C.	3 days

Highways - U. S. #60, #460; Ky. #11

Highway Distances to Major Cities in Area

Atlanta, Ga.	415	Lexington, Ky.	34
Birmingham, Ala.	481	Louisville, Ky.	122
Chicago, Ill.	412	Nashville, Tenn.	293
Cincinnati, Ohio	98	Pittsburgh, Pa.	382
Detroit, Mich.	343	St. Louis, Mo.	381
Knoxville, Tenn.	219		

Bus Lines Serving Mt. Sterling - Southeastern Greyhound Lines

with 14 busses daily; Fraley Bus Lines with 2 busses daily.

Truck Lines Serving Mt. Sterling - Eckler-Moore Express, Pinson

Transfer Co., Hayes Freight Lines, and Yeary Transfer Co.

Air - Blue Grass Field, 36 miles distant, which is just outside Lexington, is the nearest commercial airport. Regularly scheduled flights are maintained by Eastern, Delta, and Piedmont Lines.

COMMUNICATIONS:

Postal Facilities - Mt. Sterling has a 1st class post office with 21 employees. There are 3 city routes, 4 rural routes, and 2 star routes.

Mail is received 9 times daily by train and bus. 1950 postal receipts totaled \$48,000.

Telephone - Mt. Sterling is served by the Southern Bell Telephone and Telegraph Company with 20 employees. (See Appendix C-1 for rates).

UTILITIES:

Water - The Kentucky Water Service supplies water from Slate Creek. The filtration plant has a 700 - 1,000 gpm capacity. There is a 225,000 gallon standpipe, and pressure is maintained at 80 pounds per square inch. Water mains range from 2" to 12". Average daily use per year is 300,000 gallons. Continuous pumping could give 660,000 gallons daily.

(See Appendix C-2 for rates).

Gas - Central Kentucky Natural Gas Company supplies natural gas, with a 1100 BTU content, to Mt. Sterling. (See Appendix C-3 for rates).

Electricity - Power is supplied from Kentucky Utilities Company 33,000 volt transmission line. (See Appendix D for rates).

Sewage - A modern sewage disposal plant was completed in August, 1949.

CITY GOVERNMENT AND SERVICES:

Type Government - Mt. Sterling is governed by a mayor and 8 councilmen, the mayor being elected for a four-year term and the councilmen for two-year terms. (See Appendix E for Resolution by City Council).

Tax Rates and Laws -

	<u>Within City Limits</u>	<u>Outside City Limits</u>
State	\$.05	\$.05
County	.60	.60
City	.65	
Sewage Disposal Issue	.35	
School	1.50	.90
Total	<u>\$ 3.15</u>	<u>\$ 1.55</u>

(See Appendix F for Kentucky Corporation Taxes)

Assessment Practice - City - 25% of true value
County - 35% of true value

Total Assessment in 1950 - City - \$3,846,600
County - \$19,349,735

Bonded Indebtedness - City - \$134,000 (voted) outstanding for sewage disposal plant is being retired from a 35¢ levy. Last payment is due in 1968.

Average Annual City Income - \$80,000.00

Average Annual City Expenditures - \$80,000.00

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

Exemptions to Industry - City allows a 5-year exemption which cannot be extended.

Manufacturing machinery and raw materials are exempt from local taxation.

Services -

Fire Protection - Mt. Sterling has a 6th class fire insurance rating. The fire department consists of a chief, 4 regular firemen, and 10 volunteers. Equipment includes: 2 pumpers - Mack 1947, 500 gpm, 1400' of 2 1/2" hose, 400' of 1 1/2" hose; and a Seagreaves 1931, 650 gpm, 1200' of 2 1/2" hose, 200' of 1" hose.

Police Protection - The police department consists of a chief, who is elected for 4 years, and 6 full-time patrolmen. Equipment includes 1 patrol car with a 2-way radio which ties in with the State Police.

Streets - The street department consists of a crew of 8, with sufficient equipment to handle ordinary maintenance and repairs.

Garbage - Garbage is collected daily in the business section and twice weekly in the residential. Equipment consists of a sanitary truck.

LOCAL CONSIDERATIONS:

Housing - Single-story, five-room, frame houses predominate.

Approximate construction cost is 60¢ per cu. ft.

General Contractors include: J. O. Greer, Daniels Bros., and R. J. Reynolds.

Health -

Hospitals - The Mary Chiles Hospital with 25 beds.

Doctors - 11 MD's; 4 Dentists.

Health Program - Mt. Sterling is headquarters for the Montgomery County Health Department. The staff consists of a part-time medical consultant, 1 nurse, 1 clerk, 1 sanitarian, and a venereal disease investigator. Services include: immunizations, venereal disease and tuberculosis control programs. infant and school health work, general sanitation, health education activities, and general laboratory services.

<u>Schools</u> -	Grade		High	
	<u>Enrollment</u>	<u>Capacity</u>	<u>Enrollment</u>	<u>Capacity</u>
<u>City</u>	606	at capacity	258	358
<u>County</u>	1,629	at capacity	142	175

Colleges - Colleges in the area include: University of Kentucky and Transylvania College, Lexington; Morehead State College, Morehead; Eastern State College, Richmond; Georgetown College, Georgetown.

Churches - Baptist, Christian, Catholic, Church of God, Church of Nazarene, Episcopal, Methodist, Presbyterian. There is an estimated membership of 2,800.

Libraries - The Mt. Sterling Library with 14,500 volumes and an average yearly circulation of 8,700.

Recreation -

Parks and Playgrounds - The local citizens donated \$65,000 for the purchase of a 12-acre park which has facilities for swimming, dancing, tennis, croquet, horseshoes, etc.

The American Legion Park, a 30-acre park, has a lighted baseball field and camping facilities.

Natural Bridge State Park, 28 miles distant, has facilities for boating, camping and swimming.

Theaters - Mt. Sterling has 2 theaters which change programs 4 times weekly.

Camping, fishing, boating and swimming - Boonesboro Beach, 22 miles distant, offers excellent camping facilities.

Tourist Accommodations - Midland Trail Hotel - 20 rooms; Montgomery Hotel - 50 rooms; Colonial Inn - 20 rooms.

Radio Stations - Nearest stations are located at Lexington - WKLY, WLAP, WLEX, and WVLK.

Newspapers - Mt. Sterling Advocate (weekly Thursday) with 1,807 subscribers, and the Sentinel Democrat (weekly Wednesday) with 1,906 subscribers.

Banking - The Exchange Bank of Kentucky with total deposits of \$2,727,000 and resources of \$2,949,000; Montgomery National Bank with deposits of \$2,201,000 and resources of \$2,389,000; Mt. Sterling National Bank with deposits of \$3,801,000 and resources of \$4,139,000; and Traders National Bank with deposits of \$1,682,000 and resources of \$1,864,000.

Retail Businesses

Service Establishments

Auto Dealers	9	Bakeries	1
Clothing	14	Barber shops	5
Drugs	4	Beauty shops	5
Electrical appliances	6	Filling stations	13
Furniture	6	Frozen food lockers	1
Groceries	25	Laundry & cleaning	5
Hardware & farm supplies	8	Restaurants	12
Jewelry	4		
Lumber	2		
Machine shops	2		
Variety	5		

Retail, wholesale and service establishment sales -

Retail, wholesale, and service establishments located in Montgomery 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 \$8.1 million, an increase of 212% over the \$2.6 million in 1939. Wholesale sales in the county reached a total of \$10.4 million in 1948, as compared with \$3.1 million in 1939. The service trades recorded receipts totaling \$381,000 in 1948 compared with \$156,000 in 1939.

Employment in the county also rose over the nine-year period between 1939 and 1948 for the above trades. Establishments in these trades reported a combined total of 677 paid employees for the workweek ended nearest November 15, 1948. This compared with a total of 442 employees reported for the week of November 15, 1939.

Clubs and Organizations -

Civic - Chamber of Commerce, Lions Club, Rotary and Kiwanis

Fraternal - IOOF, Masonic, Moose, American Legion, VFW, DAV

Women's Clubs - Women's Club, Eastern Star, DAR, Rebecca's, American Legion Auxiliary, Tuesday Club, Jr. Women's Club.

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

Other - Sportsmen's Club and Booster Club.

Climate -

	Prec.	Temp.	Rel. Hum.			Sunshine	
			8 am	n	8 pm	Ave. hrs.	% possible
Jan.	4.18	32.9	82	73	71	110	36
Feb.	3.62	35.4	82	73	67	118	39
Mar.	4.32	43.7	79	66	64	163	44
Apr.	3.50	54.3	74	59	59	210	53
May	3.81	64.3	75	58	63	262	59
June	4.05	72.2	78	59	66	270	61
July	3.65	75.9	77	56	67	283	63
Aug.	3.45	74.5	80	58	67	266	63
Sept.	3.07	68.5	80	59	62	231	62
Oct.	2.59	50.2	77	58	58	201	58
Nov.	3.34	44.8	79	68	66	120	46
Dec.	3.77	35.8	83	76	68	102	35
Ann. Avg.	43.35	55.0	79	64	65	2,358	52

Prevailing Winds - Southwest

Average Number of Days With - Thunderstorms	45
Snow	18
Max. Temp. 90 or above	15
Min. Temp. 32 or below	89
Min. Temp. 0 or below	2
Dense Fog	11

The above figures were taken from the nearest weather bureau with several years record (Lexington - 34-year record).

MINERAL RESOURCES:

The most important mineral resource in this district is limestone which is available in large quantities for all general purposes of highway, railroad bed and general building construction. Certain Ordovician limestones in the norther part of the county and other beds in the Chester Division of the Mississippian in the southeastern part of the county are suitable when crushed for use as agricultural lime. Residual "sands" and gravels from Coal Measure conglomerates are available in the southeastern part of the county for building and highway utilization. A small amount of oil and gas has been secured in a number of indexing wells from the Shallow Corneferous "sand" at points not far removed from Menifee County, but commercial production in large amount has never been obtained. The broad outcrop of the Chattanooga-Ohio (Devonian) black oil shale affords a large resource for the manufacture of artificial petroleum.

(Excerpts from writings of Willard R. Jillson)

INDUSTRIAL MARKETS:

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

INDUSTRIAL SITES:

There are several good industrial sites adjacent to both rail and highway facilities. For further information you may write Mr. Caswell P. Lane, Secretary, Chamber of Commerce, Mt. Sterling, Kentucky; or the Agricultural and Industrial Development Board, 415 Ann Street, Frankfort, Kentucky.

APPENDIX

History and General Description	App. A
Table Showing Number of Workers Covered by Kentucky Unemployment Insurance	App. B
Telephone Rates	App. C-1
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

Montgomery County, Kentucky is situated partly in the Blue Grass Region and partly in the Knobs Belt. The county was created from a part of Clark County, which adjoins it on the west, in 1796, and was the twenty-second county in order of creation. Greatest elevations reach about 1,350 feet above sea level.

Mt. Sterling was surveyed and plotted by Enoch Smith in 1793, and called Little Mountain Town, for the large mound northwest of it. Shortly afterward Hugh Forbes, a Scot living in the neighborhood, suggested Stirling in honor of his boyhood home, and the name became Mt. Stirling, but was later spelled with an "e."

Mt. Sterling was the scene of considerable action during the Civil War with possession of the city changing five times. In June, 1864, General John Hunt Morgan's force captured the town, looted freely and took \$80,000 from the Farmer's Branch Bank. The next day the Unionists returned the visit, surprising and scattering the sleeping Confederates, who lost 54 men.

NUMBER OF WORKERS IN MANUFACTURING INDUSTRIES COVERED BY
KENTUCKY UNEMPLOYMENT INSURANCE LAW
FOR MONTGOMERY & ADJOINING COUNTIES

County	Total	Food & Kindred Products	Tobacco	Clothing, Textiles, Leather	Lumber and Furniture	Printing, Publishing & Paper	Chemicals, Petroleum, Coal and Rubber	Stone, Clay, Glass	Pri- mary Metals	Mach., Metal Prod., Equip.	Other
Montgomery	494	39	94	335	0	11	4	11	0	0	0
Bath	35	12	0	0	23	0	0	0	0	0	0
Nicholas	217	4	0	210	0	3	0	0	0	0	0
Bourbon	871	16	353	404	4	16	0	5	0	73	0
Clark	577	11	79	202	206	29	50	0	0	0	0
Powell	49	0	0	0	24	0	0	25	0	0	0
Menifee	3	0	0	0	3	0	0	0	0	0	0
Totals	2,246	82	526	1,151	260	59	54	41	0	73	0

NUMBER OF WORKERS COVERED BY
KENTUCKY UNEMPLOYMENT INSURANCE LAW
FOR MONTGOMERY 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
Montgomery	1,245	0	35	494	86	511	32	87	0
Bath	126	0	5	35	11	55	13	7	0
Nicholas	350	0	0	217	15	92	20	6	0
Bourbon	1,831	18	49	871	74	604	49	128	38
Clark	2,119	19	169	577	321	776	84	161	12
Powell	86	11	20	49	6	0	0	0	0
Menifee	45	0	0	3	38	4	0	0	0
Totals	5,802	48	278	2,246	551	2,042	198	389	50

TELEPHONE RATES - App. C-1

	<u>Individual</u>	<u>Two-Party</u>	<u>Four-Party</u>	<u>Extension</u>
Residential	\$ 3.50	\$3.00	\$2.75	\$1.00
Business	7.25	6.75		1.50

WATER RATES - App. C-2

First	4,000 gal.	\$3.00
Next	6,000 gal.	.55 per M gal.
Next	10,000 gal.	.50 per M gal.
Next	40,000 gal.	.40 per M gal.
Next	40,000 gal.	.30 per M gal.
Over	100,000 gal.	.20 per M gal.

GAS RATES - App. C-3

First	100 cu. ft. or less	.50
Next	3,900 cu. ft.	.052 per c. cu. ft.
Next	4,000 cu. ft.	.050 per c. cu. ft.
Next	17,000 cu. ft.	.045 per c. cu. ft.
Over	25,000 cu. ft.	.043 per c. cu. ft.

Minimum Monthly Bill .50

Kentucky Utilities Company
Incorporated

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

COMBINED LIGHTING & POWER SERVICE - RATE LP

AVAILABILITY

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

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

RATE

Maximum Load Charge

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

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

Plus an Energy Charge

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

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

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

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

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

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

DETERMINATION OF MAXIMUM LOAD

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

MINIMUM ANNUAL BILL

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

DUE DATE OF BILL

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

RULES AND REGULATIONS

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

PRIMARY DISCOUNT

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

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

RESOLUTION

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

WHEREAS, Mt. Sterling is well situated with an abundant and productive supply of labor, excellent transportation facilities, natural gas, electric power, and other facilities, and;

WHEREAS, it is desirable to acquire additional industrial employment for our citizens so as to obtain a more favorable balance between agriculture and industry in Mt. Sterling and Montgomery County;

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

NOW THEREFORE, by unanimous vote of the Board of Council this Resolution was passed and approved the 3rd day of July, 1951.

S. C. Barnard
S. C. Barnard, Mayor

ATTEST: E. O. Crooks
E. O. Crooks, City Clerk

KENTUCKY CORPORATION TAXES

Corporation Organization Tax

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

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

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

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

Corporation License Tax

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

Corporation Income Tax

The corporation income tax of 4 1/2%¹ applies to the entire net income allocable to this state. Federal income taxes are allowed as a deduction. State and national banks, trust companies, domestic building and loan associations, insurance companies, and non-profit corporations are exempt from the tax. Payment is due on the 15th day of the fourth month after the close of the tax year. Payment of one-third of the tax may be deferred until the 15th day

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

of the seventh month and an additional one-third until the 15th day of the 11th month following the close of the tax year without interest.

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

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

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

Franchise Company Taxes

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

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

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

General Property Taxes

Kentucky's constitution provides that all property, unless specifically exempt, shall be subject to property taxation. Assessments are required to be at fair cash value. Classification is provided. Kentucky courts have consistently held that uniformity takes precedence over full value. The state-wide assessment level on real estate is not more than 40%, on tangible personalty considerably less than 40% generally, and on intangible personalty approximately full value.

Both foreign and domestic corporations, other than franchise companies, must pay general property taxes on tangible property situated within this state and on intangible property which has acquired a situs in Kentucky at the following rates per \$100 value: real property, 5¢; agricultural products, 25¢; other tangible personalty, 50¢; bank deposits, 10¢; brokers accounts receivable, 10¢; and other intangible property, 25¢. Manufacturing machinery, all intangibles except bank shares, and livestock are exempt from local taxation. Agricultural products in storage may be taxed by counties at the rate of 15¢ per \$100. Real estate and all other tangible personalty are subject to full local levies.

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

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

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

City and city school assessment and payment dates vary.

Special Taxes

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

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

Maximum local rates per \$100 are: counties, 20¢; cities, 20¢; and school districts, 40¢.

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

Foreign building and loan associations are required to pay an annual tax of \$3 on each \$100 received from shareholders residing in this state, less the amount loaned to shareholders residing in the state. A report must be filed with the Department of Banking on January 1 each year.

STATUTE GOVERNING RIGHT OF CITIES TO
CONSTRUCT INDUSTRIAL BUILDINGS

KENTUCKY REVISED STATUTES (1948)

Sec. 103.200 - 103.280

This Statute was held constitutional by the Court of Appeals of Kentucky in a decision rendered on July 14, 1950, in the case of E. P. Faulconer, et. al., vs. the City of Danville, Kentucky, et. al.

Distributed
by the

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of
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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.

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.