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Industrial Resources: Perry County - Hazard

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ECONOMIC & INDUSTRIAL SURVEY

of

Hazard, Ky.



Prepared by

HAZARD CHAMBER OF COMMERCE

— and —

THE AGRICULTURAL & INDUSTRIAL DEVELOPMENT BOARD

— of —

KENTUCKY

ECONOMIC & INDUSTRIAL SURVEY

OF

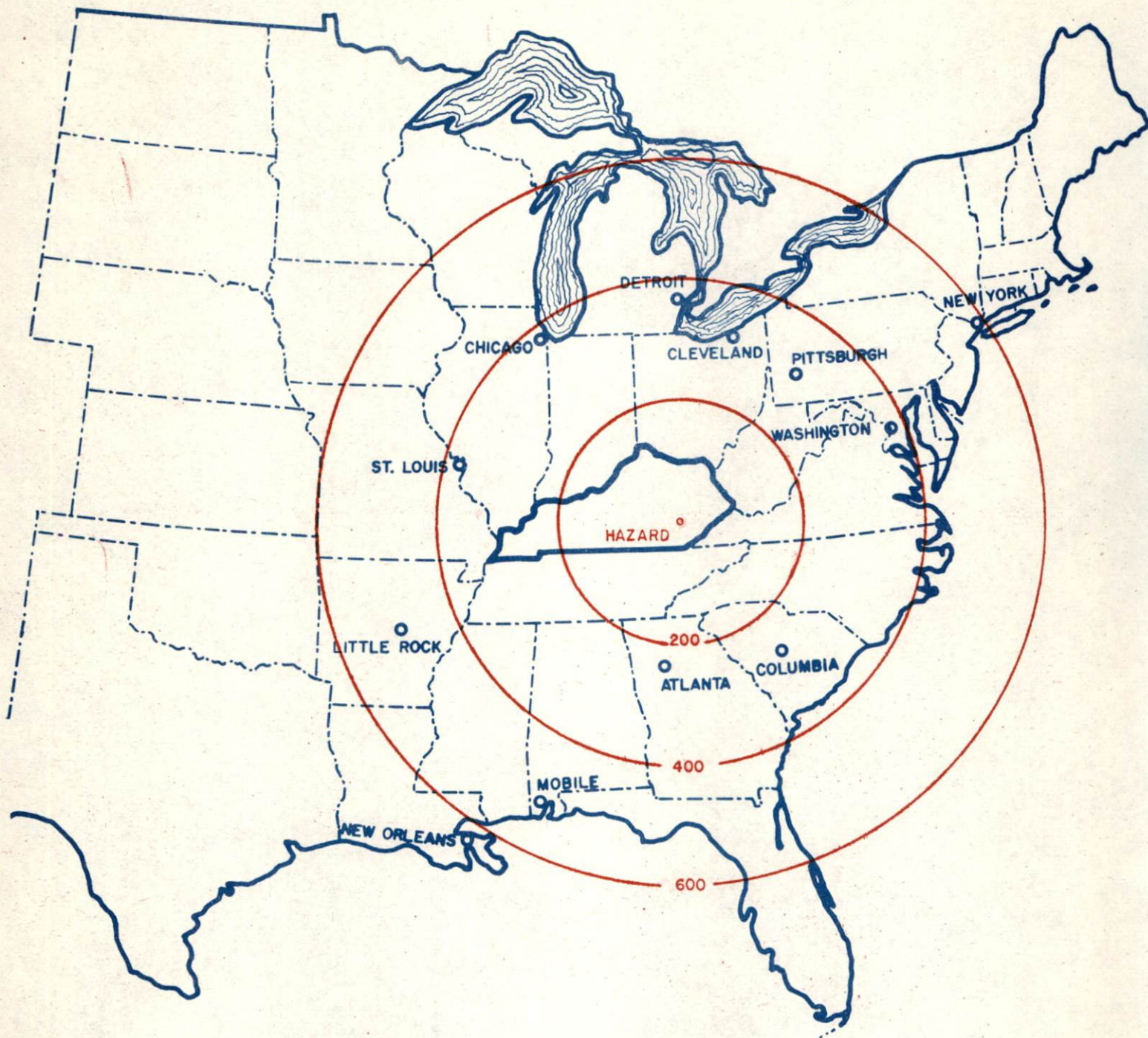
HAZARD, KENTUCKY

Prepared by

The Hazard Chamber of Commerce
and

The Kentucky Agricultural & Industrial Development Board

November 12, 1953



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

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FOREWORD

This report sets forth the industrial location data which manufacturers will find useful in considering expansion possibilities at Hazard, Kentucky.

Apart from availability of power, water, natural gas, communication, and recreation facilities considered in later pages, the following characteristics of Hazard are especially important from the standpoint of plant location.

General Setting - Hazard is the county seat of Perry County, one of 14 eastern Kentucky counties containing about a sixth of the state's population. The region is heavily forested. Its principal economic activity is coal mining. The population of Hazard in 1950 was 6,985, and that of Perry County 46,566.

Labor Supply - Because of a high rate of population increase, the mechanization of mining, and higher production per man-hour, the Hazard area has a large labor surplus. Any possibility of a "tight" labor market seems to be precluded during the foreseeable future. It is estimated that in mid-1953 there were well over 40,000 workers available for manufacturing employment in the 14-county region of which Hazard is a part. In the Hazard labor market alone, an estimated 6,800 workers are presently available for new factory jobs.

Production Materials - Next to coal which is expected to become increasingly important in the chemical industry through new coal hydrogenation technology, timber is the principal raw material available in eastern Kentucky and the Hazard area. Of the state's forested area, 27% lies in this 14-county region. Principal timber species in eastern Kentucky are oak, hickory, beech, chestnut, yellow poplar, and pine.

Markets - Highway distances from Hazard to nearby market centers are as follows: Lexington, 142 miles; Louisville, 219; Cincinnati, 218; Pittsburgh, 405; Cleveland, 418; Detroit, 465; Chicago, 500; Knoxville, 160; Chattanooga, 274; Atlanta, 393; and Birmingham, 423.

The Louisville and Nashville Railroad serves Hazard and ties the area directly and through interconnections to these and other large industrial and consumer markets of the North and South. Southeastern Greyhound, Sparks Brothers, and Hazard-Jenkins Bus Lines, and a number of trucking firms serve Hazard.

HAZARD, KENTUCKY

POPULATION AND LABOR:

Population Figures 1870 - 1950

	<u>Hazard</u>	<u>Perry County</u>
1870	1,065	4,274
1880	1,815	5,607
1890	2,066	6,331
1900	1,976	8,276
1910	2,175	11,255
1920	4,348	26,042
1930	7,021	42,186
1940	7,397	47,828
1950	6,985	46,566

Population Characteristics - The population of Hazard has shown a decrease of 5.6% during the past decade, while that of Perry County has shown a decrease of 2.6% during the same period. 96.4% of the population of Perry County are native white, 0.3% foreign-born white, and 3.3% negro.

Labor Supply area - The Hazard labor supply area would include Perry, Knott, Letcher, and Leslie Counties. The area population totaled almost 121,000 in 1950, a drop of approximately 2,500 during the preceding ten years. Between the census years, there was a net out-migration of 33,700 persons from the counties in this area, with 13,500 of these from Perry County.

Economic Characteristics - Bituminous coal mining dominates the economic picture of the Hazard labor supply area with about 8,800 persons being employed in this industry in September, 1952. Since 1951, coal mining in the state has been on a downward trend, and the decrease

in employment has had a very severe effect on the economic health of this area.

Agricultural employment totaled about 4,100 in 1950, while there were only about 1,000 manufacturing jobs in the area with these concentrated in the seasonal low-paying sawmilling industry. Mining employment in Perry County totaled about 4,500 in September, 1952, while there were about 1,200 jobs in the county. Manufacturing furnishes jobs for about 450 people in Perry County. Farming in these counties is non-productive as around 90% of all farms had 1949 cash incomes of below \$600.00.

Estimated Potential Labor Supply - Estimating the number of persons who would be available for jobs located at any particular Kentucky city is a difficult task. The estimates shown below are based on a number of economic factors including (1) population, (2) number of persons of labor force age, (3) labor force participation rates, (4) economic structure of area, (5) per capita income, (6) current manufacturing employment and past trends, (7) observations of availability of labor supply in areas where new facilities have been located, and (8) estimates of current unemployment. In predominantly rural areas, female labor supply will come mainly from those not now in the labor force, while men will represent shifts from low income farming and other low paying jobs. Most of the potential labor supply will be unskilled in factory processes. Estimates are shown for the entire labor market area, the county where the city is located and the portion of the total we estimate as being available for jobs in the city. All of the area labor supply will not be available for

jobs at any specific point because of travel involved. Additional detail as to estimating techniques will be furnished to users of these data on request.

Within this four-county Hazard labor supply area an estimated 4,500 men and 7,000 women would be available for factory jobs. At least 1,300 men and 2,400 women would be supplied from Perry County. It is estimated that 2,900 men and 3,900 women could be attracted to industrial jobs located at Hazard.

Existing Industry

<u>Industry</u>	<u>Product</u>	<u>M</u>	<u>F</u>	<u>T</u>
A. E. Brewer	Staves, heading, lbr.	15	0	15
East Ky. Beverage Co.	Pepsi Cola, 7-Up	25	4	29
Electric Bakeries Co.	Bakery products	7	0	7
Hazard Coca Cola Bottling Wks.	Bottled coca cola	12	3	15
Home Lbr. Co.	Lbr., cabinets, frames	18	1	19
Perry Bread Distributors	Bakery products	6	0	6

Union Affiliations - United Mine Workers of America, District 50.

TRANSPORTATION:

Railroads - The Louisville & Nashville Railroad provides both passenger and freight service at Hazard. There is one air-conditioned passenger train daily from Louisville to Hazard and one from Hazard to Louisville. Freight service includes 7 through freights daily between Hazard and the Ravenna terminal. There are also an average of 13 through coal trains daily operating from the Hazard coal field to the Ravenna terminal at Ravenna, Kentucky.

In addition to the through freight service, there are 4 locals per day operating between Ravenna, Hazard, Dent, and Neon.

Pick-up and delivery, package car and switching services are also available at Hazard.

Outbound Freight - average loads per month - 15,180 cars with principal commodities being coal.

Inbound Freight - average loads per month - 50 cars with principal commodities being building supplies, home appliances and staples.

Approximate Transit Times To

Atlanta, Ga.	55 hrs.	Houston, Tex.	105 hrs.
Chicago, Ill.	50 hrs.	Knoxville, Tenn.	45 hrs.
Cleveland, O.	50 hrs.	Lexington, Ky.	18 hrs.
Dallas, Tex.	100 hrs.	Louisville, Ky.	23 hrs.
E. St. Louis, Ill.	42 hrs.	Nashville, Tenn.	46 hrs.
Detroit, Mich.	56 hrs.	New Orleans, La.	83 hrs.
		New York, N. Y.	88 hrs.

Highways - Ky. #15 and #80.

Highway Distances To

Atlanta, Ga.	393	Louisville, Ky.	219
Birmingham, Ala.	423	Mobile, Ala.	505
Chicago, Ill.	500	Nashville, Tenn.	310
Cincinnati, O.	218	New York, N. Y.	769
Cleveland, O.	418	Pittsburgh, Pa.	405
Detroit, Mich.	465	St. Louis, Mo.	470
Knoxville, Tenn.	160	Washington, D. C.	565

Bus Lines Serving Hazard - Southeastern Greyhound with general offices at Lexington, Ky.; Sparks Bros. Bus Company, with general offices at Prestonsburg, Ky.; and Hazard-Jenkins Lines, Inc., with general office at Lexington, Ky.

Greyhound has 2 coaches to Cincinnati and 2 to Lexington north daily; there are 4 coaches south to Hazard daily -- 2 from Cincinnati and 2 from Lexington.

Sparks Bros. Company operates between Hazard and Prestonsburg.

The Hazard-Jenkins Lines operate between Hazard and Buchham, Jenkins and Hyden.

City Bus Service - D. H. Goodlette Lines, Leatherwood Bus Co., and Blue Diamond Bus Line.

Truck Lines Serving Hazard - Hazard Express, Lexington, Ky.;

Pinson Transfer Co., Pikeville, Ky.; Union Transfer Co., Hazard.

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

COMMUNICATIONS:

Postal Facilities - Hazard has a first class post office with 21 permanent employees. There are 2 city routes, 8 star routes, and 1 rural route. Mail is received 5 times daily via railroad and highway, and is sent out 5 times daily by the same means. Postal receipts for 1952 were \$62,000.

Telephone - The General Telephone Corporation of Kentucky, with 40 local employees, provides telephone service for the 1,440 subscribers of the Hazard area. (See Appendix B-1 for rates).

UTILITIES:

Electricity - Power is supplied by the Kentucky & West Virginia Power Company from the Hazard steam generating plant which has a capacity of 19,800 KW. Present maximum power available is 14,000 KW. Supplementary power is available from Kentucky & West Virginia and the Appalachian Power Company through lines totaling 132,000 volts. (See Appendix B-2 for rates).

Natural Gas - The Hazard Gas Company purchases gas from the United Fuel Gas Company through 4" connection lines 10 miles northeast of Hazard. Pressure is 75 psi, BYU content is 1,000, and specific gravity is .737. Gas supply available is 2 1/2 million cu.ft. per 24 hours, and maximum present use is 8 million cu.ft. per month. (See Appendix B-3 for rates).

Water - Municipal water system with source of supply being the North Fork of Kentucky River. Pumping capacity is 1,000,000 gpd, storage capacity is 2,250,000 (reservoirs), maximum daily use is 750,000 gallons. Water is treated through rapid sand filter, coagulation, settlement, chlorine, alum, and lime. Maximum pressure is 140 lbs., mains 4" - 14". (See Appendix B-4 for rates).

Sewage - Separate storm and sanitary sewers. Effluent is discharged into the Kentucky River through 6" - 36" lines. Sewage charge is 2% of water bill, maximum \$10.00.

CITY GOVERNMENT AND SERVICES:

Type Government - Hazard, a third Class City is governed by a mayor, elected for 4 years, and 2 commissioners, elected for 2 years.

Tax Rates and Laws -

Property Tax Rates per \$100

	<u>Within City Limits</u>	<u>Outside City Limits</u>
State	\$.05	\$.05
County	.70	.70
City	.75	
School	1.75	1.50
Other - water	.22	
sewer	.11	
library	.10	
fire	.01	
Total	\$3.69	\$2.25

(See Appendix C for Kentucky Corporation Tax Information).

Assessment Practice - City - 30%
County - 30%

Total Assessment - City - \$16,500,000
County - \$20,556,741

1952 City Income - \$201,715.47

1952 City Expenses - \$195,678.98

1952 County Income - \$176,031.00

1952 County Expenses - \$181,617.00

City Bonded Indebtedness - \$40,000 water revenue bonds issued in 1943 at 3 1/2% scheduled to be retired in 1955; \$43,000 in water revenue bonds issued in 1946 at 1 3/4% scheduled to be retired in

1958 (all non-callable); \$32,000 sewer revenue bonds issued in 1946 at 1 3/4% scheduled to be retired in 1956.

County Bonded Indebtedness - \$131,000 road and bridge bonds issued 6/1/43 at 3 1/2%, all outstanding, mature 6/1/83; \$50,000 road and bridge bonds issued 1/1/28 at 5%, all outstanding, mature 1/1/58; \$100,000 road and bridge bonds issued 6/1/25 at 5%, \$14,000 outstanding, mature 6/1/55; \$25,600 refunding bonds issued 1/1/40 at 4%, \$5,600 outstanding, mature 1/1/55. Total outstanding bonded indebtedness of Perry County - \$200,600.00.

Laws Affecting Industry - (See Appendix D for Statute governing the bond issue plan).

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

City Services -

Fire Protection - The fire department consists of a chief and 4 assistants, and 8 volunteers. Equipment includes a 1944 Seagreaves 700 gpm pumper, 1945 Mack 500 gpm pumper, 150 gpm booster tank, 4,000' of 2 1/2" hose, 1,200' of 1 1/2" hose, and 400' of 1" hose. There are 160 fire hydrants, water pressure is 130 psi, mains range from 8" - 10", fire insurance rating is 7th class.

Police Protection - Chief and 8 men, equipped with a patrol wagon, cruiser, and motorcycle.

Streets - 11.2 miles of paved and 2 miles of unpaved streets. A maintenance crew equipped with a black topper, bulldozer, and sweeper, clean streets daily.

Garbage - Free municipal collection twice weekly in the residential areas and daily in the business section by a crew of 3 men equipped with a compression load packer.

LOCAL CONSIDERATIONS:

Housing - Rental of a 2-bedroom house - \$75.00 per month; construction cost of 2-bedroom house \$7,000 - \$15,000.

Health -

Hospitals - Hurst-Snyder Hospital - 25 beds; Mount Mary Hospital - 85 beds; UMW Hospital - 100 beds.

Doctors - MD's - 25; Dentists - 8; Chiropractors - 2; RN's - 30; Licensed LPN's - 28.

Public Health Program - Health Department personnel includes: medical consultant, county health administrator, 3 nurses, 2 full-time clerks, 1 part-time clerk, and a sanitarian.

Health Department services include: communicable disease control; venereal disease control; tuberculosis control; maternal and child health; school health; vital statistics; sanitation.

Churches - The following denominations are represented in Hazard: Baptist, Presbyterian, Methodist, Christian, Catholic, Episcopal, and Church of God.

Libraries - Bobby Davis Memorial Library with 8,000 volumes and an annual circulation of 18,000.

Tourist Accommodations -

Hotels - Grand Hotel - 53 rooms; Hibler Hotel - 30 rooms; Hurst Hotel - 60 rooms.

Motels - Woodlawn - 6 units.

<u>Schools</u> -	<u>Elementary</u>			<u>High School</u>		
	<u>Enroll.</u>	<u>Cap.</u>	<u>Teachers</u>	<u>Enroll.</u>	<u>Cap.</u>	<u>Teachers</u>
<u>City</u> (W)	1,524	1,525	41	349	450	16
(C)	190	190	4	86	100	4
<u>County</u> (W)	8,664	9,500	237	1,222	1,000	
(C)	171	190	7	Napier & Combs Memorial		

Planned Expansion - one 4-room grade school at Leatherwood;
one 5-room grade at Chavies.

Recreation

Theaters - 3 drive-ins; 3 downtown

Parks - Bobby Davis Memorial Park with picnic grounds, swimming pool, tennis courts.

Playgrounds - Football field, softball field, tennis courts, swings, etc.

Fishing - Cumberland Lake (90 miles); Dewey Dam (55 miles).

Leagues - City Softball League, Little League (American Legion), Church Basketball League, Jr. Football League.

Other - Memorial Gym with seating capacity of 3,000 available for banquets, revivals, community concerts; Hazard Golf Club, 9-hole course, clubhouse.

Newspapers - Hazard Herald (daily) with a circulation of 3,843.

Radio Stations - WKIC, Mutual Broadcasting Company affiliate.

Banks - The Citizens State Bank with total deposits of \$2,672,000 and total resources of \$2,911,000; the Peoples Bank with total deposits of \$6,422,000 and total resources of \$6,910,000. (as of June 30, 1953).

Retail Businesses

Auto Dealers	10
Clothing	12
Drugs-sundries	3
Farm supplies & hdwe.	6
Groceries	22

Service Establishments

Barber shops	5
Beauty shops	7
Frozen food lockers	0
Restaurants	12
Service stations	14

Clubs and Organizations -

Civic - Rotary, Lions, Kiwanis, Chamber of Commerce, and Junior Chamber of Commerce.

Fraternal - American Legion, VFW, Masonic, Moose, United Commercial Traders.

Women's Clubs - Garden Club, B&PW

Youth - FFA, 4-H, Boy and Girl Scouts, Hi-Y, Key Club.

Climate -

	Temperature (30-yr. rec.)	Precipitation (30-yr. rec.)	Relative Humidity (3-yr. rec.)		
			7:30 a.m.	1:30 p.m.	7:30 p.m.
Jan.	35.7	4.51	85	67	74
Feb.	37.7	3.68	83	56	62
Mar.	45.8	4.92	79	52	58
Apr.	55.3	3.81	78	53	57
May	64.5	4.06	86	54	65
June	72.7	4.52	87	58	68
July	76.2	5.05	91	60	73
Aug.	75.1	4.31	92	59	75
Sept.	69.7	3.07	92	57	73
Oct.	57.6	2.87	91	53	69
Nov.	48.5	2.70	82	55	66
Dec.	37.0	3.86	82	57	67
Ann, Norm.	56.1	46.36 inches.			

Prevailing Wind (11-yr. rec.) - from west

Days Cloudy or Clear (14-yr. rec.) - Clear - 85
Partly Cloudy - 124
Cloudy - 156

No. Days With - Prec. over 0.01 in. (14-yr. rec.) - 134
1.0 or more snow, sleet, hail (8-yr. rec.) - 3
Thunderstorms (8-yr. rec.) - 53
Heavy Fog (8-yr. rec.) - 50

Seasonal Heating Degree Days (14-yr. rec.) - Approximate long-term means - 4,272 degree days.

RESOURCES:

Mineral - The most important mineral resource of Perry County is coal. Presently, Perry is the State's fifth largest producing county. Production for 1952 amounted to 5,029,685 tons. Rail mines totaled about thirty and produced 4,743,810 tons. Over sixty truck mines were operated, with a production of over 285,000 tons.* A half dozen or so major seams are currently being worked.

Small amounts of oil and natural gas have been reported. Minor clay deposits, which might be used for common brick and tile manufacture, are also present.

*some small operations are not reported.

Timber - Perry County lies in the most heavily forested area of Kentucky which is also part of the Southern Appalachian Hardwood Belt. Of the county's total area of 219,000 acres, 173,000 or 79% are forested. In the 7 counties immediately surrounding, the percentage of total areas in forest ranges from 73% to 92%. Most plentiful species are the oaks, hickories, beech, yellow poplar, and mixed hardwoods. The 1947

Census of Manufacturers lists only one manufacturer of lumber and products, and no establishments manufacturing "furniture and fixtures" in Perry County. The 1953-54 Kentucky Industrial Directory gives one producer of staves and lumber, and one producer of cabinets, frames and lumber in Hazard.

INDUSTRIAL MARKETS:

There are, within the market area of Hazard, an estimated 50,000,000 customers. Some major cities include: St. Louis, Chicago, Detroit, New Orleans, and Atlanta.

AVAILABLE INDUSTRIAL SITES:

For detailed information contact the Hazard Chamber of Commerce, or the Kentucky Agricultural & Industrial Development Board, Capitol Annex Office Building, Frankfort, Kentucky.

APPENDIX

History and General Description	App. A
Telephone Rates	App. B-1
Power Rates	App. B-2
Gas Rates	App. B-3
Water Rates	App. B-4
Kentucky Corporation Taxes	App. C
Kentucky Revised Statutes	App. D
Cooperating State Agencies	App. E

HISTORY & GENERAL DESCRIPTION

Hazard, County seat of Perry County, is located on the North Fork of the Kentucky River in the center of the Hazard coal field. It is the largest city in the Kentucky River Valley and has become the trading center for the people in southeastern Kentucky.

In 1821, Perry County became the 68th county of the Commonwealth. Hazard and Perry County were named in honor of Commodore Oliver Hazard Perry, hero of the Battle of Lake Erie. A number of Commodore Perry's men were volunteers from this section of Kentucky.

The first courthouse was built upon an acre of land given by Elijah Combs, and was located on the east side of the present Main Street where the Cassinelli Building now stands. It was a two-story log building which later burned.

A second courthouse was constructed at the site of the present courthouse. The second building burned in 1904 and was replaced in 1914 by the present courthouse.

Hazard has grown culturally as well as economically. The city school system is recognized throughout the state as one of the outstanding systems in the Commonwealth.

TELEPHONE RATES - Appendix B-1

	<u>Individual</u>	<u>Two-party</u>	<u>Five-party</u>	<u>Rural</u>
Business	\$6.90 (6.65 magneto)	\$6.15	----	\$4.35
Residential	4.10 (3.85 magneto)	-----	\$3.20	2.95

POWER RATES - Appendix B-2

General Service

Kwhrs equal to first 50 times kw of monthly billing demand:	
First 30 kwhrs	5.0¢ per kwhr.
Over 30 kwhrs	4.0¢ per kwhr.
Kwhrs equal to next 150 times kw of monthly billing demand:	
First 3,000 kwhrs	2.4¢ per kwhr.
Over 3,000 kwhrs	1.5¢ per kwhr.
Kwhrs in excess of 200 times kw of monthly billing demand	1.0¢ per kwhr.

GAS RATES - Appendix B-3

First	1,000 cu. ft.	\$1.50 (minimum)
Next	10,000 cu. ft.	.65 per M cu. ft.
Over	10,000 cu. ft.	.60 per M cu. ft.

WATER RATES - Appendix B-4

	<u>Within City Limits</u>	<u>Outside City Limits</u>
1,000 to 3,000 gal.	\$2.00 (minimum)	\$3.25 (minimum)
4,000 to 5,000 gal.	.65 per M gal.	.75 per M gal. (4,000 - 6,000)
6,000 to 10,000 gal.	.60 per M gal.	.65 per M gal. (7,000 - 10,000)
11,000 to 20,000 gal.	.55 per M gal.	.55 per M gal. (11,000-100,000)
21,000 to 40,000 gal.	.50 per M gal.	
41,000 to 100,000 gal.	.40 per M gal.	
101,000 to 300,000 gal.	.30 per M gal.	
301,000 to 500,000 gal.	.20 per M gal.	
Over 500,000 gal.	.15 per M gal.	

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.