

10-14-1952

Industrial Resources: Rowan County - Morehead

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ECONOMIC & INDUSTRIAL SURVEY

of

Morehead, Ky.



Prepared By

THE MOREHEAD BOARD OF TRADE

— and —

THE AGRICULTURAL & INDUSTRIAL DEVELOPMENT BOARD

— of —

KENTUCKY

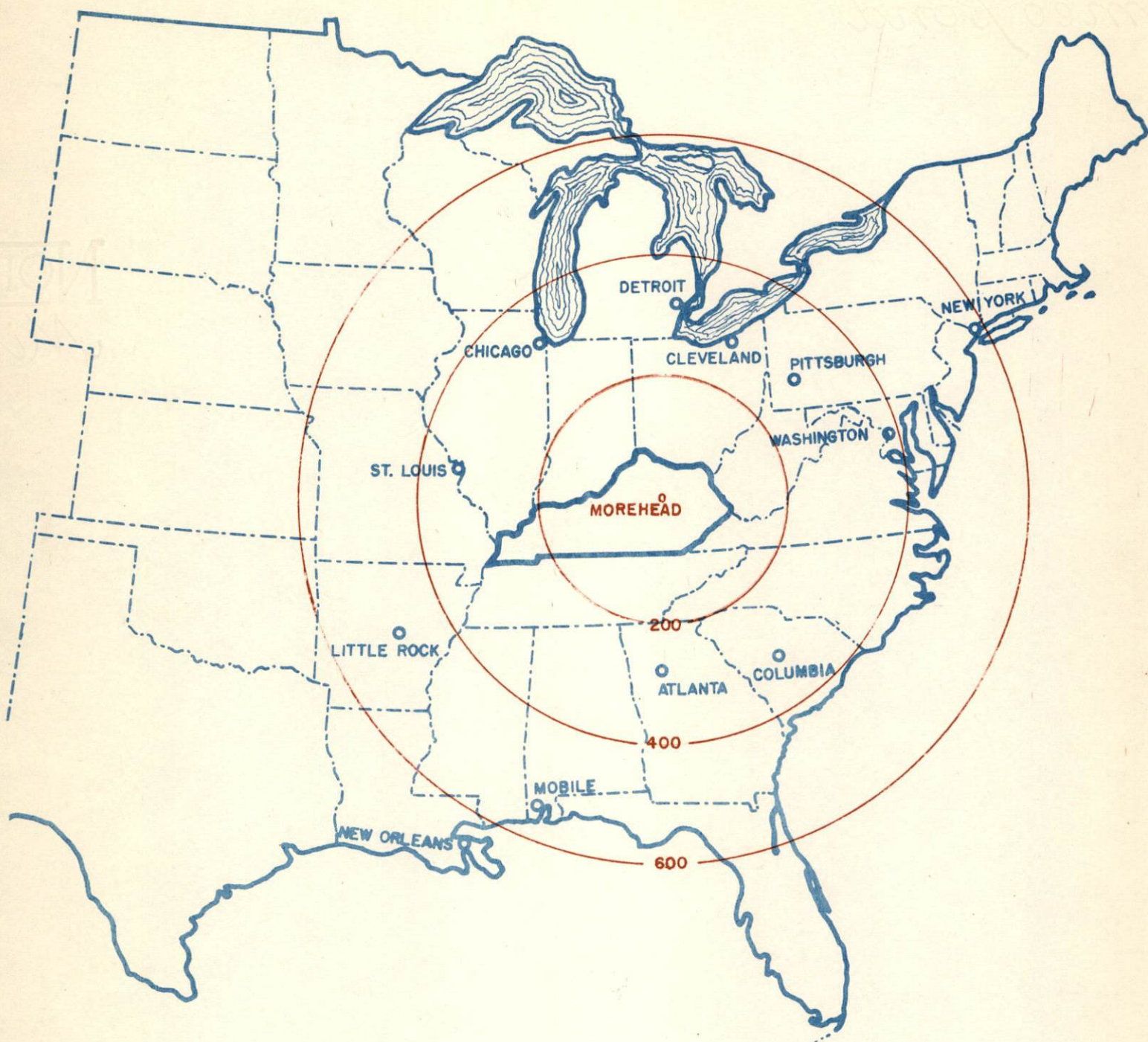
ECONOMIC & INDUSTRIAL SURVEY
OF
MOREHEAD, KENTUCKY

Prepared by
The Morehead Board of Trade
and
The Kentucky Agricultural and Industrial Development Board

October 14, 1952



AERIAL VIEW OF MOREHEAD



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

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MOREHEAD, KENTUCKY

Morehead, the county seat of Rowan County, Kentucky, is located in the northeastern part of Kentucky. (See Appendix A for History and General Description).

POPULATION AND LABOR:

Population Figures 1860 - 1950

	<u>Morehead</u>	<u>Rowan County</u>
1860	-----	2, 282
1870	716	2, 991
1880	163	4, 420
1890	491	6, 129
1900	1, 100	8, 277
1910	1, 105	9, 438
1920	981	9, 467
1930	825	10, 893
1940	1, 901	12, 734
1950	3, 102	12, 708

Population Characteristics - The population of Morehead has shown an increase of 63.2% during the past decade, while Rowan County has shown a decrease of 0.2% during the same period. 97% of the population of the County are native white, 2% foreign-born, and 1% negro.

Labor Market Area - The Morehead labor supply area would include Rowan County and the major portions of Bath, Elliott, Fleming, Menifee, and Morgan County, the population centers of which are all within 30 miles of Morehead. This is the area from which workers could be expected to commute for jobs in Morehead.

Industrial Pattern - This six-county area is predominantly rural with 11,257 shown as employed on farms by the 1950 Census of Agriculture. Employment covered by unemployment insurance totaled only 2,143 in December, 1951, with 867 of this number in manufacturing. Of the 2,143 covered workers in December, 1,247 were in Rowan County. Manufacturing was even more concentrated in this county with 752 out of 867 in manufacturing employed there. In December, 1951, the manufacturing in Rowan County was dominated by apparel (196 workers), lumber (154 workers) and clay (309 workers).

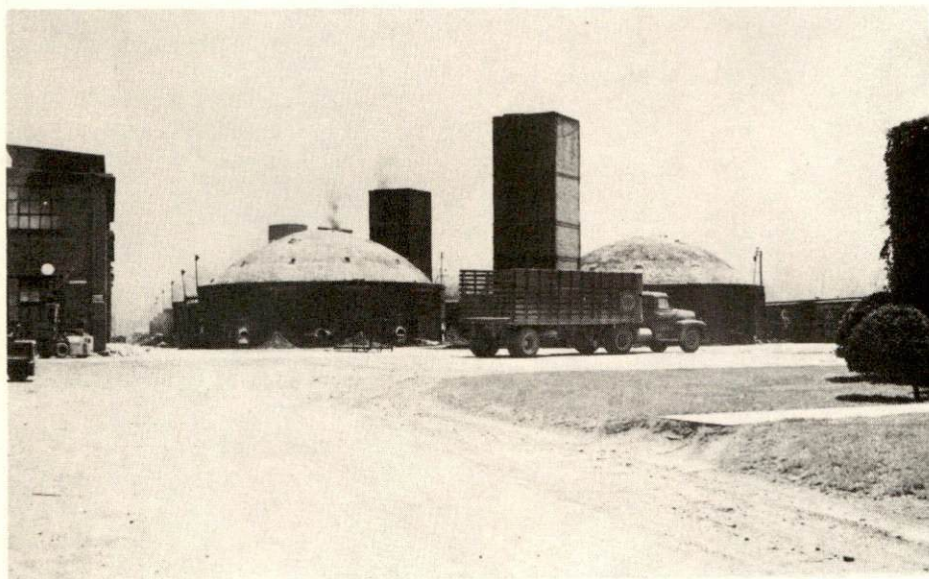
Labor Supply - Within this six-county area, there is a potential labor supply of 6,000 persons (3,500 women and 2,400 men), who would be available for factory employment. This is the gross potential supply and includes workers of all ages. This supply of workers would come mainly from men from low income farms and women not now in the labor force. Although there is a potential labor supply of 6,000 workers in the area, they would not all be available for jobs in Morehead due to dislike of commuting by many workers. It is estimated that about 1,500 men and 1,400 women would be available for jobs in Morehead.

Existing Industry

<u>Industry</u>	<u>Product</u>	<u>M</u>	<u>F</u>	<u>T</u>
Carr Lancaster Block Co.	Concrete blocks	6	0	6
Carr Lumber Co.	Lumber	12	1	13
Cowden Mfg. Co.*	Work clothes	12	186	198



COWDEN MFG. CO.



LEE CLAY PRODUCTS COMPANY
Clearfield, Kentucky

<u>Industry</u>	<u>Product</u>	<u>M</u>	<u>F</u>	<u>T</u>
Drew Evans Tie Co.	Stover crossties	4	1	5
Everett Gastineau	Lumber	5	0	5
Greer Lumber Co.	Flooring, stoves	40	1	41
Homer Gregory Co.	Lumber	20	0	20
C.E. Hogge Lumber Co.	Lumber	2	0	2
Lee Clay Products Co.	Clay tile			
Midland Baking Co.	Bakery products	8	0	8
Morehead Bottling Co.	Soft drinks	4	0	4
Morehead Ice & Coal Co.	Ice	3	0	3
General Ref. Co.	Fire Brick			
Rowan County Lumber Co.	Lumber	4	0	4
Spring Grove Dairy	Dairy products	7	1	8
Veterans Lumber Co.	Lumber	12	0	12
West Lumber Co.	Lumber	11	1	12
Eugene White Lumber Co.	Pallets, crates	8	0	8
Ky. Road Oiling Co.	Limestone			
	crusher &			
	quarry			
Morehead Limestone, Inc.	Limestone			
	crusher &			
	quarry			

Union Affiliations - * United Garment Workers of America, local 353

TRANSPORTATION:

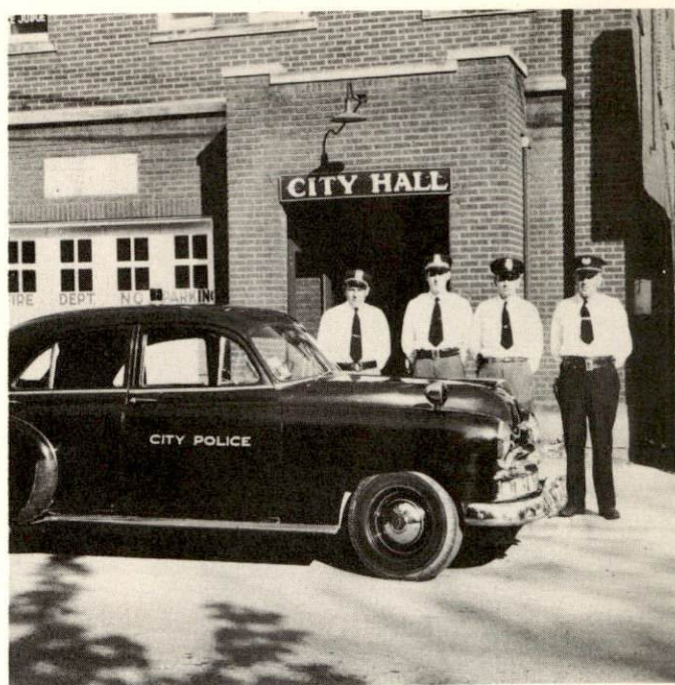
Railroads - Morehead is served by the Chesapeake and Ohio Railroad, and the Morehead and North Fork Railroad. Freight is picked up and set off 3 times daily. There are 2 trains daily east and 2 trains daily going west.

Inbound Freight (1951) - 960 carloads consisting primarily of gas pipe, machinery, construction materials, feed, fertilizer.

Outbound Freight(1951) - 1800 carloads consisting of lumber, cross ties, sewer pipe, and wooden pallets.



Looking West on Main Street



Morehead Police Force



POST OFFICE

Approximate Transit Times To

Ashland, Ky.	2 hrs.	Lexington, Ky.	3 hrs.
Baltimore, Md.	66 hrs.	Louisville, Ky.	10 1/2 hrs.
Chicago, Ill.	26 1/2 hrs.	New York, N. Y.	83 hrs.
Cleveland, Ohio	55 hrs.	Norfolk, Va.	45 1/2 hrs.
Detroit, Mich.	28 hrs.	Philadelphia, Pa.	71 hrs.
East St. Louis, Mo.	35 hrs.	Washington, D. C.	54 hrs.

Highways - U.S. #60; Ky. #32

Highway Distances To

Atlanta, Ga.	458	Lexington, Ky.	70
Birmingham, Ala.	486	Louisville, Ky.	144
Chicago, Ill.	449	Nashville, Tenn.	295
Cleveland, Ohio	373	St. Louis, Mo.	413
Detroit, Mich.	512	Knoxville, Tenn.	274

Bus Lines Serving Morehead - Greyhound Lines with 4 eastbound

and 4 westbound daily; Fraley Bus Lines with 12 buses daily.

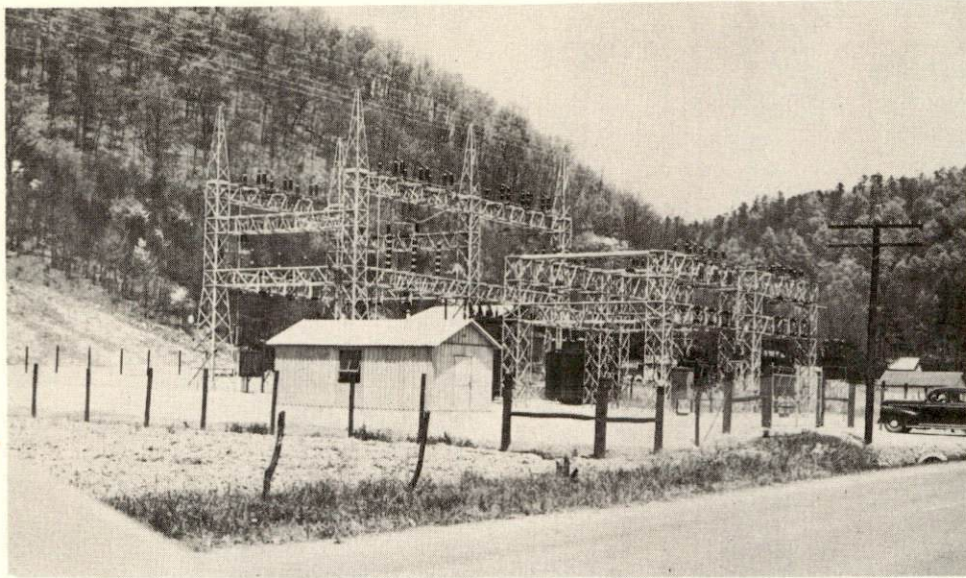
Truck Lines Serving Morehead - Pinson Transfer Company and

Service, Inc.

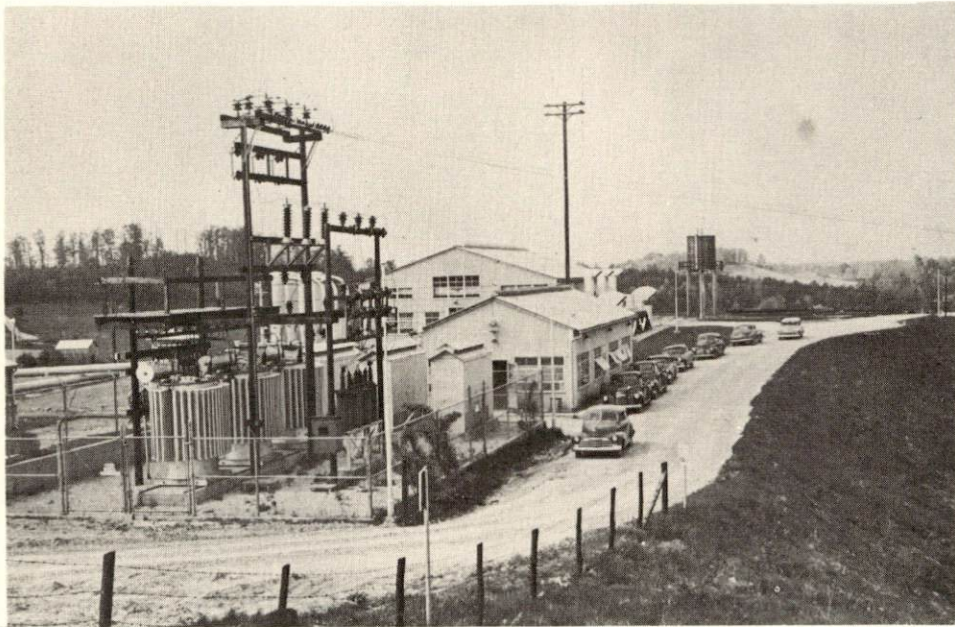
Air - The nearest commercial airport is Blue Grass Field, at Lexington, one hour and 45 minutes distant. This is a Class III Airport served by Eastern, Piedmont, and Delta Airlines.

COMMUNICATIONS:

Postal Facilities - Morehead is served by a 2nd class post office with 14 employees. There is one city route with an auxiliary route, 3 rural routes and 2 star routes. Mail is received and sent out 4 times daily. Postal receipts for 1951 totaled \$29,000.00



KENTUCKY UTILITIES SUB-STATION



TENNESSEE GAS & TRANSMISSION COMPRESSOR STATION

Telephone - Morehead is served by the General Telephone Corporation of Kentucky, with 19 employees. There are 1117 subscribers.

(See Appendix C-1 for rates).

UTILITIES:

Electricity - Morehead is served by the Kentucky Utilities Company from three high voltage transmission lines. The main supply is a new 69,000 volt line from Maysville. At the Maysville terminus of this line are facilities which interconnect with the Ohio Power Company through a 138,000 volt line. The other supply lines are a 34,500 volt line from Mt. Sterling and the Kentucky Utilities' system to the west, and a 34,500 volt line from Haldeman and the Kentucky-West Virginia system to the east. (See Appendix D for rates).

Natural Gas - The Morehead Utility Plant Board purchases natural gas from the Tennessee Gas Transmission Company (26" line). The take-off point is two miles distant. BTU content is 1000. Pressure on the incoming line is 25 pounds per square inch, reduced to 4 ounces. Industrial rates are subject to negotiation.

Water - Morehead State College wholesales water to the city from a 120,000,000 gallon reservoir which was completed June 1, 1952, at a cost of \$400,000.00. Source of supply is Evans Branch, a tributary of Triplett's Creek. The filtration plant now has a capacity of 500 gpm. Static pressure averages 120 pounds. Flow pressure is 60 to 75 pounds per square inch. Eight inch and 6" mains serve the downtown area. Industrial rates are subject to negotiation.

Sewage - Separate storm and sanitary sewers are provided. The sanitary sewers empty into the city septic tank, which was constructed for a population of 5,000. 24" and 12" sewer mains are provided, with 8" and 6" laterals. No sewage charge is levied.

CITY GOVERNMENT AND SERVICES:

Type Government - Morehead, a city of the 4th class, is governed by a mayor, elected for a term of 4 years, and 6 councilmen, elected for terms of 2 years.

Tax Rates and Laws

Property Tax Rates per \$100 in 1951

	<u>Morehead</u>	<u>Rowan County</u>
State	\$.05	\$.05
County	.70*	.70
City	.75	
School	<u>1.50</u>	<u>1.50</u>
Total	\$3.00	\$2.25

*20¢ earmarked for road and bridge bond sinking fund.

(See Appendix E for Kentucky Corporation Tax Information)

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

Total Assessment 1951 - City - \$2,602,225 (real estate)
County - \$3,895,633 (real estate)

Bonded Indebtedness - City - \$500,000 to be paid from water and gas revenue only, over a period of 20 years.

County - \$47,000 for road and bridge bonds will be retired in 1962. There is now \$40,000 in the sinking fund.

1951 City Income - \$28,000

1951 City Expenditures - \$28,000

Laws Affecting Industry - (See Appendix F for statute governing the bond issue plan).

Business License Fees - Occupational license fees are levied.

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

City Services -

Fire Protection - A volunteer fire department consists of a chief and 15 volunteers. Equipment includes a Hale 500 gpm pumper, a 1952 Ford F-7 Chasis, 1951 Champion 500 gpm pumper, and a 1936 Hale 500 gpm pumper.

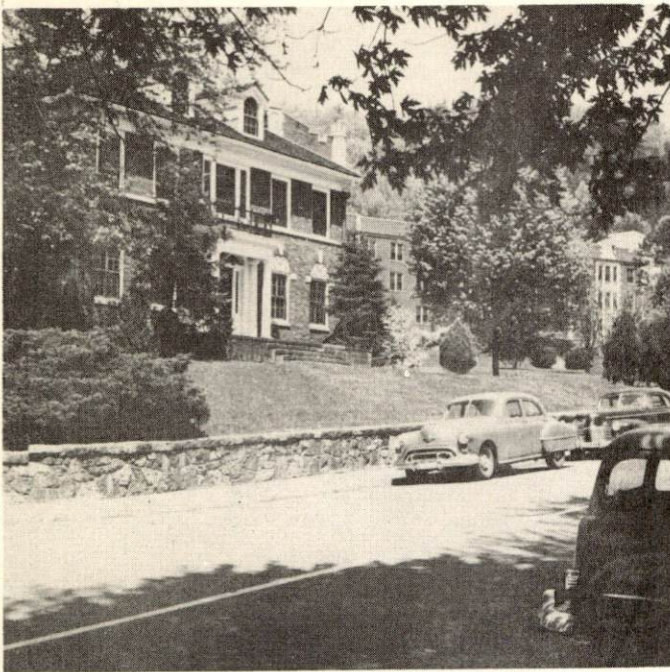
Police Protection - The staff includes a chief and 3 patrolmen. Equipment includes a 1950 Chevrolet patrol car.

Streets - There are 7 miles of paved streets and 2 1/2 miles of gravel streets. Men are employed as needed to maintain the streets. There are 200 two-hour parking meters located in the business section.

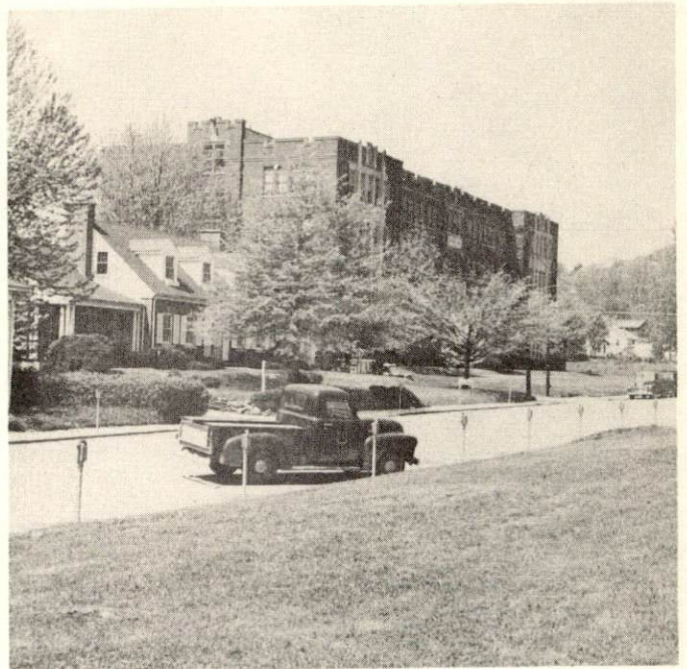
Garbage - Municipal collection bi-weekly in the business area and weekly in the residential area.

LOCAL CONSIDERATIONS:

Housing - Single-story, five-room frame houses predominate, with an average unfurnished rental price of \$50.00 per month. New houses (750 - 800 sq. ft.) cost on the average of \$8,000.00.



President's Home
Morehead State College



Boulevard Entrance
To College



MOREHEAD GRADE SCHOOL

Health -

Hospitals - The nearest hospital is Stovall Memorial, a 20-bed hospital, at Grayson, 36 miles distant.

Doctors - 5 MD's; 5 Dentists; 4 RN's.

Public Health Program - Consists of immunizations, venereal disease and tuberculosis control, and sanitation services.

<u>Schools</u> -	<u>Grade School</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-County</u>	2208	2208	79	655	655	24

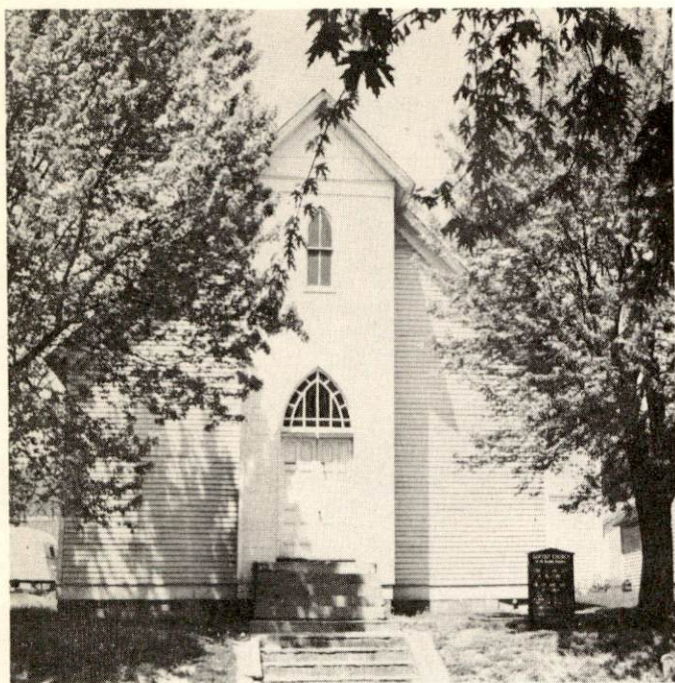
Breckinridge Training School (Morehead State College) has a grade school enrollment of 274 and 11 teachers, and a high school enrollment of 95 with 5 teachers.

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

Churches - The following denominations are represented in Morehead: Baptist, Catholic, Christian, Church of God, Methodist, and Mission.

Libraries - Morehead College Library is open to the public. It has 43,000 volumes and a yearly circulation of 37,000.

Recreation - There are 2 theaters which change programs 3 times weekly.



BAPTIST CHURCH



CHRISTIAN CHURCH



METHODIST CHURCH



CHURCH OF GOD

Tourist Accommodations -

Hotels - Midland Trail Hotel - 45 rooms; Morehead Hotel - 26 rooms

Motels - Bruce Motel - 12 units; Morehead Camp - 19 units;

Skyview Motel - 6 units.

Tourist Courts - Johnson's Court - 9 units; Mayflower Court -

8 units.

Newspapers - The Rowan County News, a weekly newspaper, has a circulation of 3,000. The Courier-Journal and Louisville Times also serves the area.

Radio and Television Stations - There are 7 major radio stations in Louisville, representing NBC, CBS, ABC and MBS Networks, and 4 radio stations in Lexington, which serve the area. Television reception from Louisville and Cincinnati is also available.

Banks - The Citizens Bank with total deposits of \$1,642,000 and total resources of \$1,817,000; The Peoples Bank of Morehead with total deposits of \$2,987,000 and total resources of \$3,208,000.

Retail Businesses

Auto Dealers	7
Clothing	10
Drugs-Sundries	3
Farm Supplies & hdwe	4
Groceries	10

Service Establishments

Barber Shops	5
Beauty Shops	7
Frozen Food Lockers	1
Restaurants	5
Service Stations	14

Retail, wholesale and Service Establishment Sales

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

Retail sales in the county during 1948 aggregated \$4.9 million, an increase of 206% over the \$1.6million in 1939. Wholesale sales reached a total of \$2.1 million in 1948 compared with \$0.8 million in 1939. The service trades included in the Census of Business recorded receipts totaling \$251,000 in 1948 compared with \$61,000 in 1939.

Employment in the county also rose over the 9-year period for the above trades. Establishments in these trades reported a combined total of 299 paid employees for the workweek ended nearest November 15, 1948 as compared with a total of 159 employees for the week of November 15, 1939.

Clubs and Organizations

Civic - Board of Trade, Kiwanis, Lions

Fraternal - American Legion, VFW, Masonic, IOOF

Women's - Rowan County Women's Club, Morehead Women's Club, American Legion Auxiliary, Eastern Star, Homemakers.

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

Other - Men's Club

Climate

	Temperature	Precipitation	Relative Humidity		
	(30-yr. rec.)	(30-yr. rec.)	6:30 a. m. (51-yr. rec)	12:30 p. m. (21-yr. rec.)	6:30 p. m. (16-yr. rec.)
Jan.	35.1	4.31	83	75	73
Feb.	36.8	3.09	82	70	68
Mar.	45.4	4.57	80	65	65
Apr.	54.4	3.92	75	59	60
May	63.7	4.11	76	59	64
June	71.8	4.39	78	58	66
July	75.3	4.74	78	56	67
Aug.	74.0	4.46	81	58	67
Sept.	68.3	2.80	81	58	65
Oct.	66.0	2.91	79	58	62
Nov.	45.0	3.00	80	66	68
Dec.	36.5	3.74	84	73	70

Ann. Norm. 55.2°F

46.04 inches

Frost Free Period - April 22 to October 17; Growing Season - 178 days

Days Cloudy or Clear (62-yr. rec.) - Clear - 129
Partly Cloudy - 106
Cloudy - 130

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

Number of Days With - Precipitation over 0.01 inch (66-yr. rec.) - 133
1.0 or more snow, sleet, hail (62-yr. rec.) - 6
Thunderstorms (62-yr. rec.) - 44
Heavy Fog (44-yr. rec.) - 11

Prevailing Wind (62-yr. rec.) - From Southwest

Seasonal Heating Degree Days (49-yr. rec.) - long-term means,
4,763 degree days.

RESOURCES:

Mineral - The mineral resources of Rowan County are fire clays, building stone (limestones and sandstones), sands and gravels, marls, common clays and shales.

Fire Clays - Large amounts of high grade fire clays are available for the manufacture of refractories and are used to a considerable extent for this purpose.

Building Stones - Sandstones, of superior quality for building purposes, have been produced in considerable quantities. Limestones which are suitable for building purposes, agricultural lime, and other uses, occur. Also, high calcium limestones are present.

Marls - Local marl deposits might be used for fertilizers.

Sands and Gravels - Creek sands and gravels, which are suitable for building purposes, are available. Sand deposits occur which are suitable for construction purposes. Some grades could be used for glass manufacture.

Common Clays and Shales - Clays and clay shales, which are suitable for common brick and tile manufacture, are present. Outcrops of bituminous shale, in the central and western portion of the county, might be used in the future for the manufacture of synthetic liquid fuels.

INDUSTRIAL MARKETS:

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

INDUSTRIAL SITES:

There are several industrial sites adjacent to highway and rail facilities. For detailed information write the Morehead Board of Trade, or the Kentucky Agricultural and Industrial Development Board, Capitol Annex Office Building, 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
Power Rates	App. D
Kentucky Corporation Taxes	App. E
Kentucky Revised Statutes - Bond Issue Plan	App. F
Cooperating State Agencies	App. G

HISTORY AND GENERAL DESCRIPTION

Morehead, the county seat of Rowan County, Kentucky, was laid out in 1856 and incorporated January 26, 1869. It was named in honor of Governor James T. Morehead, the 12th Governor of Kentucky. The town lies in the valley of Triplett's Creek, with surrounding mountain ridges reaching an elevation of 1000 feet above sea level. The altitude of Morehead is 712 feet.

Rowan County, the 104th county of the State, was established in 1856 out of parts of Fleming and Morgan Counties, and named in honor of Judge John Rowan, an able jurist and statesman and one of the most distinguished men in the Western Country. He served as a member of the Kentucky Legislature, as its Secretary of State, Chief Justice of the Court of Appeals, and Congressman and U. S. Senator.

Rowan County, Kentucky contains 174,000 acres. It is located in northeastern Kentucky, and is the northernmost county in the Cumberland National Forest. The Licking River forms most of its southern and southwestern boundary lines. The surface of the county is generally hilly.

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

County	Total Mfg.	Food and Kind. Prods.	Tobacco	Cloth., Text. and Leather	Lumber and Furn.	Print., Publ., and Paper	Chem., Petr., Coal & Rubber	Stone, Clay and Glass	Pri- mary met.	Mach. Metal Prods Equip.	Other
Rowan	679	11	0	196	154	8	1	309	0	0	0
Bath	84	12	0	0	72	0	0	0	0	0	0
Elliott	16	0	0	0	16	0	0	0	0	0	0
Fleming	0	0	0	0	0	0	0	0	0	0	0
Menifee	2	0	0	2	0	0	0	0	0	0	0
Morgan	8	2	0	0	0	6	0	0	0	0	0
Totals	789	25	0	198	242	14	1	309	0	0	0

NUMBER OF WORKERS COVERED BY
KENTUCKY UNEMPLOYMENT INSURANCE LAW
FOR ROWAN 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
Rowan	1,165	12	40	679	78	222	24	110	0
Bath	147	0	2	84	10	28	17	6	0
Elliott	23	3	0	16	0	4	0	0	0
Fleming	297	0	14	0	73	188	22	0	0
Menifee	45	0	0	2	39	4	0	0	0
Morgan	389	132	32	8	29	161	8	19	0
Totals	2,066	144	88	789	229	607	71	135	0

TELEPHONE RATES

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

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.

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.