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THE GOVERNMENT CORPORATION IN KENTUCKY

By Mark Harris*

Recent developments in the use of the government corporation by the national administration have occasioned considerable effort on the part of students to ascertain the status of this type of instrumentality in the governmental structure. The use of this device has not been nearly so pronounced in our state governments, and consequently there has been little material attempting to analyze its role in that unit of government.

Succeeding pages represent an effort to describe the legal, financial, and general administrative relationships which the various government corporations in the state bear to the general structure of the Commonwealth of Kentucky. Only those corporations in which management is exercised by the state government or its officials will be dealt with. Local government units are, of course, beyond the scope of this study. Two classes of corporations are considered. The first is composed of those which were created without specific statutory authorization, the charter acquired as any ordinary corporate charter would be acquired by private citizens. This class includes the Kentucky Children's Home Corporation and the Commonwealth of Kentucky Military Department Armory Corporation. The second category is comprised of those corporations established as such by statute. This class includes the remainder of the corporations.

I

The Kentucky Children's Home Society was a private charitable institution organized to care for homeless children. It received a part of its support from state appropriations.

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The extent of these appropriations became larger from year to year because of a decline in private contributions. The Society was anxious to rid itself of an indebtedness of about $100,000. The state was desirous of obtaining complete ownership and control over the institution, which was being financed almost entirely by the state. The first plan proposed the conveyance of the property to the Commonwealth. This, however, could not be countenanced because of the mortgage indebtedness against the property, which the state could not assume, and for which it did not have available funds to retire.

The adopted plan authorized the conveyance of all of the property belonging to the society, representing an investment of approximately $500,000 in consideration for which the Commonwealth would arrange for the refinancing (or payment) of the debt of the Society. Thus it was suggested that the Department and the Board of Welfare cause the organization of a non-stock, non-profit corporation to which the Society was to convey all of its properties. In January, 1939, there was created the Commonwealth of Kentucky Children’s Home Corporation, empowered to “do any and all things necessary and incident to its general purposes, that is, the acquisition and maintenance of a home for neglected and dependent children.”

The creation of the corporation was contested, in vain, in the case of Speer v. Kentucky Children’s Home et al. The court cited the reorganization act of 1936, which vested in the Dep’t. of Welfare “the management and control of penal and eleemosynary institutions, the administration and supervision of all forms of public assistance . . . the administration and supervision of all child welfare activities and the administration of all state functions heretofore vested in the Ky. Children’s Home Society.” It was held by the court to be “clearly within the power of the Department of Welfare to cause to be created the corporation, and it is within the discretion of the Department of Welfare under the act to operate the children’s home . . . .”

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*Section 49 of the Kentucky Constitution provides that “the General Assembly may contract debts to meet casual deficits or failures in the revenue, but such debts . . . shall not at any time exceed $500,000.”

*Articles of Incorporation of Commonwealth of Kentucky Children’s Home Corporation, January 24, 1939.

*278 Ky. 225, 128 S. W. (2d) 558 (1939).

*Section 4618-101 of Carroll’s Kentucky Statutes, 1936.
The technique adopted in order to avoid the constitutional debt limitation through the device of the corporation was not original with its use in this case. It had been used before by various county and independent school districts in the state. It was to be used again to "legalize" a long-term financing program for construction of state armories.

Shortly after the organization of the Children's Home Corporation a contract, lease, and option was entered into between the Corporation and the State Department of Welfare. The property, having already been conveyed to the corporation was the security for a bond issue of $100,000. The money thus acquired was used for the payment of the bonds held against the Kentucky Children's Home Society. The property was leased by the corporation to the Department of Welfare for one year.

Section 157 of the Kentucky Constitution provides that "no county, city, town, taxing district, or other municipality shall be authorized or permitted to become indebted in any manner or for any purpose, to an amount exceeding, in any year, the income and revenue provided for such year, without the assent of 2\(^\circ\) of the voters thereof; . . . and any indebtedness contracted in violation of this section shall be void." In order to avoid the limitations of this provision, a plan was adopted, illustrated by the experience of the Georgetown City School District. In 1925, the district had bonded itself to its constitutional debt limitation of $63,000 in order to build a school. A site was purchased, leaving too small a sum for the erection of a building. Private persons in the district organized the non-stock, non-profit Georgetown Public Service Corporation, with a proposed bond issue of $100,000. The bonds were payable serially, 1/20 of the principal falling due each year. The Corporation purchased from the Board of Education the incompleted school building for $100,000 and placed the premises in lien to secure the bonds. With the money obtained, the Board completed the building. A contract between the Board and the Corporation provided that the latter lease the school building, for one year, to the Board of Education. The Board agreed to pay a specified rental to the corporation, the revenue to be used for amortizing the bonds. On payment of the rent, the Board was given a second lien on the property, and retained an option each year, for 20 years, to renew the lease. After 20 years, with the bonds completely amortized, the school building would become the property of the Board of Education. The court held that since the contract provided that "the said Board of Education does not bind itself under the agreement, to lease said property for more than one year or bind itself for the rentals thereon for more than a one-year period," and since the only obligation which the Board assumes is the rent for one year, the contract was not deemed to be a violation of the constitutional debt limitation. Waller v. Georgetown Board of Education, 209 Ky. 726, 273 S. W. 498 (1925). See also Bellamy v. Board of Education of Ohio County et al., 255 Ky. 447, 74 S. W. (2d) 920 (1934); Scott County Board of Education v. McMillan, 270 Ky. 483, 109 S. W. (2d) 1201 (1937).
with exclusive option to renew the lease from year to year, until the bonds outstanding against the corporation were paid off.

By the terms of the contract, the Department agreed to pay all expenses incident to maintaining supervision over the property. Rentals were so established as to permit the complete liquidation of the debt formerly held against the Society after a period of five years. When all of the liabilities of the corporation are paid off, the property is to be conveyed to the Commonwealth. Thus, while the state assumes no indebtedness and obligates itself only to the extent of one year's rentals at any particular time, all of the property of the corporation is to revert to the state at the end of five years. If the state fails to pay rentals, the lease is to be terminated. The property, under such circumstances, is to be sold, the proceeds to be used to pay off the debt outstanding against the corporation.

The situation leading to the creation of the Military Department Armory Corporation is somewhat similar to that which caused the birth of the Children's Home Corporation due to inadequate armory facilities, the federal government threatened withdrawal of recognition of several units of the Kentucky National Guard. To meet this problem, it was necessary that a method of financing a long-term armory construction program be devised. Yet the constitutional debt limitation of $500,000 precluded the state from making a substantial bond issue.

The method of financing the construction of the armories is no different from that used in the "purchase" of the children's home by the Department of Welfare. By charter, the corporation was authorized to incur an indebtedness of not more than $350,000. With the money acquired from the bond issue, the corporation engages in the construction of the armories. The Division of Armories of the Department of Military Affairs, out of its annual appropriation leases the building from the corporation. With the revenues derived from the rentals, the corporation amortizes the debt. Upon the completion of the payments on the bonds, the properties revert to the Commonwealth. While both the Children's Home Corporation and the Armory Corporation guarantee to refund to the bondholders any income or ad valorem taxes paid on the bonds, so far, the state has evidenced no intention to tax either the bonds (ad valorem) or the income from the bonds.
The state income tax law exempts from taxation "interest upon the obligations of this state or any of its instrumentalities." Thus, the answer to the academic question involving the right of the state to tax the income derived from the bonds depends upon the willingness of the courts to construe the term "instrumentalities" to include these corporations.

Quite naturally, once the real property held by the corporations reverts to the Commonwealth, it is not taxable. However, whether or not the real property is taxable by the state, while title to it vests in the corporations, is another matter. The state constitution provides that the property of "institutions of purely public charity" and "public property used for public purposes" shall be exempt from taxation. It is evident that the first of these conditions precludes the imposition of a tax on the property of the Children's Home Corporation as its status as an institution of public charity can hardly be questioned. In the case of the Armory Corporation, we can not be as sure, for it is questionable as to whether or not its property is "public property used for public purposes."

The issue of whether or not the interest on the bonds is subject to the federal income tax revolves about the nature of the activity which is being pursued by the corporation. In the case of South Carolina v. U. S., the Supreme Court sustained a tax imposed by the national government on the income derived from state-owned liquor dispensaries. Distinguishing between governmental and proprietary activities, the court adopted the view that when the state engages in an enterprise usually associated with private ventures, it is subject to taxation by the national government, although the tax could not be extended to include those activities which are of a governmental nature.

What is and what is not a governmental function is open to weighty controversy. However, allow it to be said that in the present instances the courts would hardly classify the institutional care of homeless children, and the construction and maintenance of armories as proprietary activities.

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Section 428lb-2, Carroll's Kentucky Statutes, 1936.
Section 170 of the Kentucky Constitution.
199 U. S. 437 (1905).
The functions of administering schools and hospitals have already been classified by the courts as governmental activities; Hoskins v. Commissioner, 84 Fed. (2d) 627 (1936); Mallory v. White, 8 Fed. Supp. 989 (1934).
The main factor causing officials of both corporations to sustain the opinion that interest on the bonds is exempt from the federal income tax is an opinion rendered by the Deputy Commissioner of the Internal Revenue Department, asserting that the Daviess County Public School Corporation bonds\(^1\) are not taxable. The Commissioner asserted that "the corporation in question is an agency of the county, and its obligations are, in effect, obligations of the county."\(^2\) Armed with this opinion that the school holding corporations are agencies of the government, there is little question, but that the Children's Home Corporation and the Armory Corporation are also agencies of the government, and since their non-proprietary nature has already been attested to, there is little reason for expecting that the income from their bonds are taxable by the federal government.

An important reason for the use of the corporate device is the degree of financial and administrative autonomy which accompanies its presence. In this connection it should be observed that the Armory Corporation and The Children's Home Corporation maintain complete independence from the financial controls exercised over the ordinary departments of the government. For purposes of illustration, we will deal only with the Armory Corporation. None of the funds of the corporation are kept by the state treasurer. The Division of Accounts and Control of the Department of Finance has no powers of administrative audit over the expenditures of the corporation. Although it is the policy of the Board of Trustees of the corporation to request the Department of Finance to advertise for bids for materials to be used in the construction of the armories, it is under no legal compulsion to purchase through the central purchasing agency. It does so only for the sake of convenience, to take advantage of state prices and specifications. Nor are the books of the Armory Corporation subject to a post-audit inspection by the state auditor.

\(^1\) Exactly similar to Georgetown Public Service Corp. (see footnote 7).

\(^2\) Although it is the opinion of the writer that the bonds are not obligations of the county, this is not a relevant matter. Were the bonds obligations of the county, then the government would fail to avoid the constitutional debt limitation which the corporation was designed and established to avoid. The essential element to be considered is whether or not the corporation is an agency of the county, and the Commissioner held it to be so.
Administration of the two corporations is vested in agencies nominally independent of the general government. The affairs of the Children's Home Corporation are conducted by a Board of Directors. The members serve until they resign or die, or as long as the corporation remains in existence. The close inter-relationship which the corporation bears to the general government is demonstrated by the provision that in case of vacancy in membership, the Governor appoints the successor. Provision was made so that the Commissioner of Welfare appointed the original members of the Board of Directors.

The entire management of the Armory Corporation is carried on by a Board of Trustees composed of the Adjutant-General, Assistant Adjutant-General, Director of the Division of Armories, and the Director of the Division of Accounts and Control of the Department of Finance. These four select an additional member upon the recommendation of the Banker's Bond Corporation of Louisville, who holds his position for the undisguised purpose of protecting the interests of the bondholders. Two more members are selected by the original four from among the Regimental Commanders of the Kentucky National Guard.

In the Case of the Armory Corporation, the Adjutant-General is Chairman of the Board, and all of the administrative detail of the corporation is carried out under his supervision in the Department of Military Affairs. In the case of the Children's Home Corporation, the post of Secretary-Treasurer is held by an officer in the Division of Child Welfare of The Department of Welfare. All transactions of the Corporation are conducted through his office. It can be said that the extent of administrative autonomy of the two corporations is little more than nominal.

II

The second class of corporations deals with those state agencies endowed, by statute, with corporate powers. This includes the Board of Agriculture; the State Fair Board; educational institutions including the Board of Education, the University of Kentucky, the state teachers' colleges, and the School for the Deaf; and health agencies including the Board of Health and the Crippled Children Commission.
The Kentucky State Fair was created by act of the Legislature in 1906. Since its inception, it has operated under the direction of the State Board of Agriculture. The motive of the Legislature in establishing the managing body of the State Fair as a corporation was succinctly stated by the Kentucky Court of Appeals when it remarked that the Board was granted "such powers as were necessary to enable it to manage the property of and conduct the State Fair, in which management and conduct it was essential that there should be some well-identified agency to whom persons having business or other relations with the State Fair might look, and with whom they might enter into contracts." 14

It would appear from this decision that the corporation would be liable for contractual obligations, although this question has never been decided by the courts. However, in the case of Zoeller v. State Board of Agriculture, 16 the liability of the government corporation in Kentucky for the torts of its agents was clearly settled. The plaintiff sued for injuries sustained when hit by a horse on the State Fair grounds. The question with which the court found itself confronted was "whether or not the State Board of Agriculture, in conducting the Kentucky State Fair, exercises a governmental function." If it does not, said the court, then it is liable for the torts of its agents.

The public nature of the State Fair was clearly set forth in the decision. "It cannot be successfully contended that the enlightenment and education received by the people at the exhibitions given by the State Board of Agriculture are any less valuable . . . than the education given in the public schools of the state." Further argument of the court was based upon the contention that since the sum of $15,000 appropriated for premiums must go for premiums, and since the profits of the Fair must go into the sinking fund, then if the funds of the State Fair could be used for the payment of damages for the negligent acts of the agents of the Board, then "it would be to appropriate them (the funds) to purposes not authorized by the legislative authority." This is an interesting argument, but hardly the crucial one, for had an agent of the state been acting in a non-governmental, or strictly proprietary, capacity,

16 163 Ky. 446, 173 S. W. 1143 (1915).
then despite the fact that appropriations were made for restricted usage, the court could not have avoided its obligations to award damages.

In 1920 the legislature provided that the Board of Agriculture could bond the Kentucky State Fair property up to $300,000 in order to pay the cost of the Agricultural, Merchants and Manufacturers Building. There was to be established a sinking fund to be derived from the rentals collected from the use of the building, said funds to be used to pay off the principal and interest on the bonds. Shortly thereafter, the Board issued the $300,000 in bonds. In the case of Christman v. Wilson, a taxpayer contended that the Board of Agriculture made the bonds an obligation of the Commonwealth, and thus had violated the constitutional debt limitation of $500,000.

The Court held that the act of 1920 did not confer upon the Board the right to create an indebtedness against the state. "The legislature could not if it had so desired, have authorized the State Board of Agriculture to create a bonded indebtedness against the state in any amount or for any purpose, such as it authorized the State Board to incur on the faith and credit of the property under its control . . . It is plain that if the legislature should authorize the State Board of Agriculture or any other agency of the state government to create debts and issue bonds that would be an obligation of the state, it would be an attempt to do in another form exactly what the legislature can not do. If the legislature can not by direct enactment create a bonded indebtedness against the state except in the manner provided in the constitution, it can not delegate this power to an agency of the state."

Thus, though a corporate agency of the state can be authorized by the legislature to issue bonds, pledging its own property, its own credit, and its own faith as security, it cannot be authorized to pledge the property, faith and credit of the state if the state itself cannot do it.

In 1938, The Kentucky State Fair Board was created as a corporate body, to perform the functions necessary to the management of the State Fair, and formerly vesting in the State

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16 Section 4618f-1, 2 Carroll's Kentucky Statutes, 1936.
17 187 Ky. 644, 221 S. W. (2d) 198 (1920).
18 See footnote 3.
Board of Agriculture.\textsuperscript{19} In 1940, the State Fair Board was authorized to bond the Kentucky State Fair property and receipts of the Fair Board to the extent of $300,000.\textsuperscript{20} Although the bonds are declared not to be an obligation of the state, "the good faith of the Commonwealth is pledged to give its moral support to the payment of principal and interest of the bonds." Apparently, somebody read a court decision.

The statute, declaring the bonds to be free from taxation, precludes state and local ad valorem and income taxes. The question, then, is whether or not the income from the bonds is taxable by the federal government. This depends upon whether or not the Commonwealth, through the State Fair Board, is exercising a governmental or proprietary activity. Although this is an unanswerable question, for the federal courts have never testified to the nature of this activity, it has been maintained by the Kentucky Court of Appeals in Zoeller v. State Board of Agriculture\textsuperscript{21} that the nature of the State Fair is a public one, no less than the educational institutions of the Commonwealth.

Perhaps the most potent reason for the existence of state colleges and universities in a corporate form is to attain the freedom to enter into contractual relationship, particularly in order to purchase and sell property. In 1920, The Board of Regents for Western Kentucky Normal School, a non-corporate body, made a conveyance of property. It was determined by the court that the "property sold was a part of the real estate held by the Board as an agency of the state . . . It was therefore the property of the state," and could not be sold unless authorized by law.\textsuperscript{22} In 1924, four years after the property transfer, and prior to the decision in this case, the Board of Regents of each of the four state teachers colleges was vested with corporate powers.\textsuperscript{23} In 1928, the legislature empowered the university and the teachers colleges to transfer property to private corporations, provided that the corporations would erect a building to be approved by the governing board of the institution. The uni-

\textsuperscript{19}Section 4618i-1 et seq. Carroll's Kentucky Statutes, 1938 Supp.
\textsuperscript{20}Section 4618i-2 Carroll's Kentucky Statutes, 1940 Supp.
\textsuperscript{21}163 Ky. 446, 173 S. W. 1143 (1915). See p. 9, supra.
\textsuperscript{22}Board of Regents v. Engle, 224 Ky. 184, 5 S. W. (2d) 1062 (1928).
\textsuperscript{23}Section 4535-5 Carroll's Kentucky Statutes, 1930.
versity (or college) would lease the building at an agreed rental, with option to purchase. After sufficient rental would be paid to amortize the debt incurred for the erection of the building, it would revert to the institution. Although it was contended that this would create a debt of the University and would therefore be a violation of section 157 of the constitution, the court held that such a plan does not create a debt on the part of the institution.

An act of the legislature, passed in 1934, provided that the university could borrow money from PWA, and issue bonds for purposes of constructing buildings. The principle and interest on the bonds are to be paid out of the income and revenue from the buildings. It was contended that:

1—The bonds constituted a debt against the university and the state; and

2—Such a debt would violate section 157 of the constitution.

In the case of J. D. Van Hooser & Co. v. University of Kentucky, the court ruled that the bonds are not obligations of the university or state, since the rents go into a separate fund and the bondholders are paid out of this fund. The act does not violate section 157, it was held, since that provision is only a restriction upon the indebtedness of any "county, city, town, taxing district or other municipality," and the University is none of these.

The State Board of Health was established as a corporation for but one purpose, namely, to take over the operation of Hazelwood (tuberculosis) Sanitorium. The State Tuberculosis Sanitorium was in sad need of capital improvements. A proposed WPA grant involved an expense to the state of some $200,000 a burden which could not be assumed. It was provided that the sanitorium was to be conveyed by the state to the Board of Health, henceforth a corporation. The Board was endowed with the power to convey real estate (with the approval of the Division of Purchases and Public Property) and all revenues realized were to be applied to retirement of the debt outstanding against the Sanitorium.

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24 Section 4535cc-1 Carroll's Kentucky Statutes, 1936.
25 See footnote 7 for provisions of this section.
26 McDonald v. University of Ky., 225 Ky. 205, 7 S. W. (2d) 104 (1936).
27 292 Ky. 581, 90 S. W. (2d) 1029 (1936).
28 Section 2061a-33 Carroll's Kentucky Statutes, 1936.
The Board was authorized to borrow a sum not to exceed $250,000 in order to construct a building on the "self-liquidating" plan. In order to secure the bonds, a mortgage was executed on all of the property held by the Board. While the state accepts the obligation to pay the interest on the bonds as it falls due, the principal is paid out of current operating revenues. In addition to the annual appropriation by the state (for interest payment) the Board maintains a revolving fund, which is used to pay the principal on the bonds and part of the maintenance expenses. This fund consists of the fees collected for the treatment of the patients of the hospital, part of which comes from the state in payment for the care of indigents.

The question of whether or not the execution of the mortgage and the issuance of the bonds constitute a debt within the prohibitions of the constitution arose in the case of *Hughes v. Board of Health*. The Court held that the transfer of the property to the Board was valid. The pledging of the property by the Board to secure the loan did not create a debt against the Commonwealth. The court held that the interest obligation of the state might constitute a debt against the state, but since this was not sufficient to cause the state debt to exceed $500,000 it was not necessary to decide this question. "The lender is to look alone to funds from operating receipts to liquidate the indebtedness ... There is nothing which in any way obligates the Commonwealth to pay any part or portion of the bonds."

Examination of all other aspects of the corporations in this class indicates that they differ in no fundamental respect from the ordinary administrative agency of the government. All purchases made by any of these corporations must be transacted through the Division of Purchases and Public Properties of the Department of Finance. Their powers of expenditure are limited by the procedural and substantive supervision of the Division of Accounts and Control. All receipts of these corporations are derived either from legislative appropriation, bond issues or revolving funds. An appropriation depends solely upon the whims of the legislature; bonds cannot be issued excepting with legislative authorization; and revolving funds are as much under the control of the central pre-audit agency as any appro-

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*260 Ky. 228, 84 S. W. (2d) 52 (1935).*

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priation. Thus, financial autonomy, as a characteristic of these corporations is nothing more than fiction.

III

Examination of the origin of the state corporations in Kentucky leads to the conclusion that the most important motive for their creation was the element of avoidance of the state constitutional debt limitation. Whether or not the corporate device was necessary in order to achieve this end is worthy of consideration.

In 1928, the legislature enacted the "State Highway Toll Bridge Act", empowering the State Highway Commission to build bridges, and to issue bonds for the payments involved in the construction. The Commission was to fix toll charges sufficient to maintain the bridge and pay the interest and principal on the debt. The tolls were to be kept in a separate fund, known as the "Highway Bridge Fund", which was to be the sole source from which the debt payment was to be made. The court, in the case of *Bloxton v. State Highway Commission et al.*, held that the act was not a violation of the constitutional debt limitation. "The act does not authorize a debt to be contracted on behalf of the Commonwealth or create any indebtedness against the Commonwealth." It should be observed that all of the funds used to liquidate the debt are derived from sources other than state appropriations.

If it can be concluded that no constitutional violation is involved in such cases where separate funds obtained from outside sources are established to liquidate a debt, not incurring an obligation of the state, then it can be asserted that the State Fair Board (in which the debt incurred for capital outlay is amortized solely from receipts from outside sources) need not have been established as a corporate body in order to avoid the constitutional debt limitation. However, in the cases of the State Tuberculosis Sanitorium, where a part of the funds used to amortize the debt are derived from the Commonwealth, and the Children's Home Corporation and the Armory Corporation, where all of the funds are secured from the state (by the subterfuge of the fee or rental basis), a different matter is presented.

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*2 Section 4256s-1 et seq. Carroll's Kentucky Statutes, 1936.*

*225 Ky. 324, 8 S. W. (2d) 392 (1928). See also Estes v. State Highway Com., 235 Ky. 86, 29 S. W. (2d) 883 (1930).*
The question in the case of the latter two corporations is whether or not the state can pay annual rentals into a separate fund to be used to pay off a debt secured by the property constructed. If the test is whether or not an obligation of the state is created, then it can be contended that the property and the annual rentals constitute the sole source for amortizing the debt. No obligation is incurred by the state, excepting the annual rentals, and if these are not paid, the proceeds from the sale of the property can revert to the bondholders. If this position is tenable (and the same argument would apply to the tuberculosis sanitorium) then it can be maintained that in these instances the corporate device is not necessary in order to incur obligations for capital improvements.

The effect of this line of decisions by the court has been to read into the debt limitation provision an "out", whereby a "debt" in excess of the legal limit can be incurred, providing that the obligation is that of a separate fund (even if the receipts for this fund are derived from the state!), and not of the Commonwealth.

The government corporation in Kentucky amounts to little more than a legal fiction. Excepting for purposes of inspiring confidence in private persons having contractual relations with these agencies, as corporations, they have no raison d'etre. Although the Armory Corporation and the Children's Home Corporation, theoretically are immune from the central pre-audit agency, such autonomy is a myth. On the Board of Trustees of the Armory Corporation sits the watchdog of the state budget, the Director of the Division of Accounts and Control. The Children's Home Corporation has no expenditures to be pre-audited (all maintenance, etc., for the Home is an obligation of the Department of Welfare). This relationship which the two corporations bear to the general government should not be over-emphasized, for despite these limitations upon their independence, it cannot be denied that they do possess greater autonomy than the ordinary governmental agency.\(^3^2\) The remainder of the corporations, of course, possess no financial autonomy whatsoever. Administrative management of these bodies is exercised, in all cases, within the general administra-

\(^3^2\) It should be recalled that the contractual liability of the government corporation in Kentucky has never been decided by the courts.
tive structure of the state. Furthermore, the corporations, as we have seen them, represent, in the main, nothing more than a device (and an unnecessary one at that) to avoid a constitutional provision.