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paying the city's police chief in a virtual currency, a move officials say is likely the first of its kind in the nation.

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The city commission in Vicco, Kentucky, has approved a measure on Monday to begin paying the city's police chief in a virtual currency, a move officials say is likely the first of its kind in the nation.

Police Chief Tony Vaughn appeared before the commission last month to officially request that his salary be paid to him in Bitcoin, a new virtual currency which exists only on the Internet and this year has gained significant traction, with its value rising by the end of November to more than \$1,000 per coin, according to USA Today. The currency was valued at less than \$100 at the beginning of the year.

The city commission in Vicco opted last month to hold off on approving Vaughn's request in order to research the issue. Commissioner Claude Branson on Monday said officials did their homework, and there doesn't seem to be any logistical or legal issues to paying Vaughn in Bitcoin.

"We done a checkup on it, and that's the way he wants paid, and that's the way the city is going to pay him," Branson said.

Only Vaughn's take-home pay will be issued in Bitcoin, explained Mayor Johnny Cummings. All applicable federal and state taxes will be removed before Vaughn's salary is then converted electronically to Bitcoin and deposited in an online account for the city of Vicco. The currency then will be instantly transferred to Vaughn's own Bitcoin account.

While Bitcoin is neither regulated nor recognized as an official currency by the federal government, Cummings said there shouldn't be any legal obstacles for the

city. He noted several businesses across the country are accepting Bitcoin or have

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“The reason they wanted to pass the ordinance is this allows us greater latitude as far as finding out the legalities of it,” he said.

Vaughn said during last month's meeting that the city stands to make history with this transaction, as there is no record of a government entity paying one of its employees in Bitcoin.

“I'm excited about it; it's a first for Vicco again,” Vaughn said, referring to the city's fairness ordinance passed in January that prohibits discrimination based on sexual orientation. The city was the first in the region to approve such a law, and at the time only the third in Kentucky.

But Cummings added that publicity isn't necessarily the only reason for the city to take such a step. Since the city's passage of its fairness ordinance and a subsequent appearance on Comedy Central's “The Colbert Report,” officials have received several donations, including several pieces of playground equipment for a new park near City Hall. And now the city's upcoming website will be set up to accept Bitcoin donations, something Cummings said could help the small town of 300 people better afford projects to improve local infrastructure.

“We just want to be on top of things, and up-and-coming and more progressive as a city,” Cummings said.

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