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June 23, 1970

Mr. Charles M. Mooney
Attorney
214 East Washington
Jonesboro, Arkansas 72401

Dear Skip:

You recall that we were waiting the termination of the Nettleton Water Works receivership so that all residents of the City would be subject to a privilege tax for the use of water. That receivership has not been formally terminated because of the illness of Attorney Townsend. However, the principals have been agreed to and it is only a matter of time. Therefore, it is in order for the council to consider the privilege tax matter without any probability of question being raised on account of the receivership.

The Directors of the City Water and Light Plant have heretofore expressed their willingness for the Plant to cooperate in the collection of these needed funds. But you recall that I have been unable to find any precedent for one municipal corporation taxing another municipal corporation and feel that the specific act under which other utilities are subject to such a tax does not apply to our situation in Jonesboro.

I feel that the levying of a privilege tax on the users of water is a much sounder legal theory and equally effective. Last month there were slightly over 9,000 water billings which would amount of $27,000.00 per year except that some few of them are outside of the city limits. During the past twelve months, 527 additional water users have been placed on the lines and at this rate, revenue will increase somewhat.

I shall be glad to have your comments.

Very truly,

Charles

Chas. Frierson

CF/jp