IRS to allow depreciation

By A. OVERBECK

WASHINGTON — After two years of negotiations, the National Golf Course Owners Association and consultant KPMG have emerged victorious in their depreciation battle with the Internal Revenue Service. The IRS, which had been considering the matter under its Industry Issue Resolution pilot program, issued revenue ruling 2001-80 in late November that will allow golf courses to depreciate the costs of modern green construction. According to KPMG's Bill Ellis, the ruling is an "economic stimulus tax package" that could save individual golf courses hundreds of thousands of dollars.

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Show preview

GCN covers it all from the 52nd annual GCSAA championship to a rundown of all the major shows. Continued on page 19

Turf researchers debate biotech buffer zones

By JOEL JOYNER

RIVERDALE, Md. — It seems that anything genetically modified these days has the potential to become a controversy. When it comes to golf, the big question is whether or not there is such a thing as a safe buffer zone for open pollinated genetically modified turfgrasses.

After the Supreme Court ruled in 1980 that genetically modified organisms (GMO) could be patented, commercial endeavors took off. By 1992, the U.S. government approved the first GMO product—a FlavorSavr tomato with a delayed ripening gene.

Today, two seed companies both researching transgenic creeping bentgrass, the Scotts Co. and TurfSeed, have a difference of opinion on what is needed to protect the golf course ecosystem.

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Renovation work to surge in 2002

By JOEL JOYNER

LINCOLN, Neb. — The National Golf Foundation has tracked the downward slide in new golf course construction projects this past year, and the industry is bracing for the impact. For many golf course builders and architects, course renovations in 2002 will prove to be a more valuable source of income in keeping businesses afloat and the golf economy in motion.

As new course construction seeks a comfortable balance between supply and demand, restoration and modernization of existing courses will carry a lot more weight, according to builders and architects.

BUILDERS SEE INCREASE

For Landscapes Unlimited, 2001 was a record year for new construction and renovation work, according to Brad Schmidt, vice president of Landscapes Unlimited headquartered here. "We've been gearing up for quite some time for renovation business in 2002, '03 and '04," he said. "For several years now, 30 percent of our business has been renovation work. That percentage could increase as much as 20 percent this year and make it 50/50 with new construction."

Schmidt has not seen an increase in competition on bidding for renovation projects to date, but he certainly expects it. "One of the ways an older course can remain competitive is by upgrading," said Schmidt. "If they don't, they just might die on the vine. There's still a lot of opportunity out there, in new construction as well. It's just that the menu has been reduced drastically."

The renovation market has been strong in the past two to three years during the golf course building boom, according to Andrew Crouch, director of business development for ASL Golf Course Construction in Waitsfield, Vt.

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American Golf working to regain profitability

By PETER BLAIS

SANTA MONICA, Calif. — Despite recent reports that American Golf Corp. (AGC) may not be able to make scheduled rent payments to one of its major landlords, National Golf Properties (NGP), AGC management is confident it has taken steps to cover future expenses and return to profitability in 2002, according to co-CEO David Pillsbury.

The past six months have not been kind to the company that is the largest golf course operator in the country. In November, shares of National Golf

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Ford's THINK neighbor enters production

By ANDREW OVERBECK

DETROIT, Mich. — Ford Motor Co. has launched the THINK neighbor, the first of its line of low-speed electric vehicles. While the neighbor is primarily aimed at private users in resort and gated communities, it does have a "golf" setting that will allow it to be used on courses.

"We probably won't market it much on the golf course fleet business at this time," said Chris Klein, national accounts manager with THINK Mobility. "Because this is designed for private use, what we are looking to do is go after private golf course owners right now."

Klein, who used to work for E-Z-Go as a territory manager, said the vehicle will be introduced in California first where a percentage of Ford vehicles sold must

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Golfer Profiling

- 40-64 years of age
- Incomes over $75,000
- Live in large metropolitan areas
- No longer have small children
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- Life at home
- Majorities are concentrated in three areas of the country:
  - East North Central
  - South Atlantic
  - Pacific

Source: Golf 20/20

Golfers who play at 40-64 years of age, incomes over $75,000, live in large metropolitan areas, no longer have small children, and live at home. The majority are concentrated in three areas of the country: East North Central, South Atlantic, and Pacific.

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APHIS REGULATIONS

The Animal and Plant Health Inspection Services (APHIS), a division of the U.S. Department of Agriculture, regulates and issues permitting required for researching transgenic turfgrasses. These field experiments, as well as the new varieties they will help to bring to the market, are at the core of the controversy.

APHIS has established Minimum Land, Isolation, Field and Seed Standards for distances in feet from any contaminating source during open pollinated testing. Categories for Foundation, Registered and Certified seed distances are listed for control zones. In cross-pollinated grasses, minimum isolation distances range from 900 feet (with exceptions) for Foundation, 300 feet for Registered, and 165 feet for Certified seed.

"There has been some discussion on whether or not those distances should be increased," said John Turner, biotechnologist here at APHIS. "The field tests only need our required distances if they are trying to produce seed or studying seed yield. Most of the time, as they are testing for agronomic performance, they'll be mowing the grasses so the plants won't be flowering.

"There's no zero risk with any distance when you have an axiomatic curve that approaches zero," continued Turner, "but it will give you a very low level of gene flow into other crops."

THE SCOTTS CO.

Transgenic turfgrass research at the Scotts Co., headquartered in Marysville, Ohio, is currently focused on developing a Roundup Ready creeping bentgrass with an introduced CP4 gene. There are three things that must be proved to show that a GMO product is safe and market ready, according to the company's chief scientist Dr. Bob Harriman.

"The application process has a high degree of oversight," he said. "First, we need to identify the species of plant. Does it have weedy ness issues or is it a species that we understand the biology of and has served the environment and humankind very well for a long time? "Second, is the gene introduced safe? Is it a toxin or allergen?" asked Harriman. "Will it create something that will have people or animals get sick? Finally, what does the combination look like? The gene and plant may be safe individually, but the combination may not be."

The Scotts Co. initiated their program back in 1995, and have been field testing the Roundup Ready turfgrass since 1998. Last year alone, the company had over 50 test sites in place for the CP4 gene in more than two dozen states.

"We've chosen to use separa-...
Ford rolls out THINK neighbor use alternative fuels.

**MARKET REACTION**

The entry of a Big Three automaker to the golf car market has so far been greeted with indifference from existing manufacturers.

"It is not positioned for general applications on golf courses in terms of weight, turf compaction and turning radius," said Club Car's vice president and business manager Dewey Hubbard, who used to work for Ford as a marketing manager for its pickup truck line. Lack of a traditional distribution network will also pose a competitive disadvantage, according to Ron Skene, marketing communications coordinator for E-Z-GO. "They have name recognition, but distribution is the challenge," he said. "Dealers with showrooms are not how courses purchase golf car fleets."

Ford's entry into the market, however, may lead golf car manufacturers to get into the neighborhood electric vehicle market. Reedsburg, Wis.-based Columbia Par Car will introduce a product into that niche this year and other car makers hinted that they might follow.

"They expand people's ability to get around, and the electric vehicle is a new way to do it," said Yamaha's president Bill Szarowicz. "I am glad Ford is doing it because it shows that golf cars are not just for golf anymore."

**Biotech controversy**

tested by APHIS, according to Hornman. A tentative timeline for release is in the fall 2003.

**TURF SEED, INC.**

Bill Rose, president of Turf Seed, Inc. in Hubbard, Ore., would argue that there is no need to worry about bentgrass in Willamette Valley, according to Rose. "Our company alone has 500 acres of Poa in production that will have to move elsewhere if it becomes contaminated," he said. "Our study was undertaken to identify how big the problem could be, and it's huge."

Animals and wind are mentioned as having a role in transporting bentgrass. "Lack of a traditional distribution network will also pose a competitive disadvantage, according to Ron Skene, marketing communications coordinator for E-Z-GO. "They have name recognition, but distribution is the challenge," he said. "Dealers with showrooms are not how courses purchase golf car fleets."

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**American Golf**

Continued from page 1

Properties (NYSE: TEE) fell 23 percent after the course owner, which leases 137 courses to AGC, said AGC might be unable to make its full rent payments in 2001. NGP, which is AGC's largest single landlord, said it might have to renegotiate its leases with the management company.

Three months ago, National Golf said its American Golf had a technical default on its debt. A technical default occurs when a borrower violates a covenant governing the terms of its debt.

NGP cited a weak economy, bad weather and the terrorist attacks of Sept. 11 as having hurt golf industry revenues. Also, a record growth in the number of courses, with little increase in the number of golfers, has led to more competition. NGP's properties in Las Vegas and Phoenix have been particularly affected by the recent decline in tourism.

"A couple things are important to realize," said Pillsbury, whose company manages roughly 300 courses. "First, our gross revenue is off four to five percent from the previous year, and that's way far from a disaster.

A lot of businesses in America - given the recession and the events of Sept. 11 - would have been particularly affected by the recent decline in tourism."

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**Aquatrols sends up new products, ends supply agreement with Turf Partners**

Continued from page 25

Penetrate almost immediately reducing runoff and evaporation, thereby reducing water and electricity consumption. While the product only lasts a couple of weeks, Gagne said it costs $4.25 an acre.

The company's other brand new product is an algaeocide that is currently nameless because the Environmental Protection Agency did not approve the original name.

"I have been doing this for 30 years," Gagne said, "and I have never had the EPA reject a name." The product uses a form of copper that carries a double positive charge allowing it to distribute itself evenly throughout a pond and last longer than conventional copper algaecides that only have a single positive charge.

The advantage is that it lasts longer and can be distributed evenly from one location," said Gagne. "Other products require multiple points of entry."

Aquatrols purchased the turf market rights for the product from Arkansas-based Earth Sciences Laboratories.

In other news, Aquatrols has terminated the supply agreement that it had originally signed with Eco Soil Systems to manufacture a line of private label products. The products in question include Brilliance, Rely II, Rely Granular, ReWet, ReWet Granular, and Syringe. Simplot Partners said that it will continue to market and sell the products but declined to disclose whether the company will manufacture the products itself or sign another outsourcing agreement.