Bill would allow tax-exempt bonds for reservation courses

By DEREK RICE

WASHINGTON — In late March, Rep. Dave Camp, R-Mich., introduced a bill that, if passed, could open the door for more golf course development on Indian reservations.

The Tribal Government Tax-Exempt Bond Fairness Act of 2003 is a slimmed-down version of a similar bill Camp introduced two years ago. The bill proposes amending the Internal Revenue Code of 1986 to allow Indian tribal governments to act as state governments in issuing tax-exempt private-activity bonds for projects located on reservations. Camp's prior bill called for allowing projects within a 20-mile radius of the reservation.

At present, tribes may issue tax-exempt government bonds only if 95 percent or more of the proceeds are used to fund essential government functions. Camp's bill would allow tribes to use the bonds to finance such non-essential projects as golf courses and convention centers.

Golf courses in particular would seem to be the target of this bill. The Internal Revenue Service announced last year it would conduct audits of Indian bond issuances as a result of questions about whether proceeds were being used to fund essential government functions. According to The Bond Buyer, in a heavily redacted field-service memo dated Aug. 12, 2002, the IRS said bonds issued for a golf course with a commercial purpose that "causes it to be other than a governmental function" could be taxable. The memo also concluded that there is no cookie-cutter method to determine whether Indian tribes can issue tax-exempt bonds for golf courses.

Camp's bill would allow tribes to issue bonds to fund any facility located on a reservation – including for-profit ventures such as golf courses – and not only for essential government functions.

The only exclusion to the bill, which has been referred to the House Ways and Means Committee, would be casinos or other gaming facilities.

Pellucid: Industry down, but not out

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out that it is not too late to turn things around.

"This isn't necessarily doom and gloom for the industry, but it cannot be interpreted as a positive indicator on one component of the consumer franchise," he said. "If the frequency component holds steady or goes up, then we'll start to see the wisdom in Pellucid's approach to measuring the industry in rounds per capita rather than just participation rates."

> **Key preliminary findings in Pellucid's Golf Customer Franchise report:**
> - **Participation measured as both a percent or as a total number declined in 2002.**
> - **The industry lost almost 40 percent more golfers than it acquired in 2002.**
> - **The percent decline of female golfers was three times that of male golfers.**
> - **The number of junior golfers remained constant against adult segment declines.**

One way the industry can turn things around, Koppenhaver said, is to work on retention as hard as, or harder than, it has worked on bringing new players to the game.

"Those who do not study history are doomed to repeat it," Koppenhaver said. "These preliminary findings suggest that perhaps the key to grow the game initiatives lies not in opening the front door wider, but simply closing the back door."

Pellucid's full report was not available at press time. Koppenhaver said Pellucid would release its industry report on the golf customer franchise, which is based on a survey of 130,000 U.S. households, in mid-April.■