

GOLF COURSE NEWS

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INSIDE

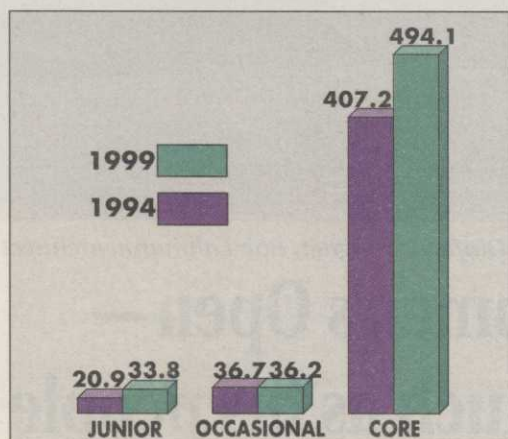
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TOTAL ROUNDS PLAYED (MILLIONS)



Rounds played in 1999 reached the highest point ever (564 million), according to the 2000 edition of the National Golf Foundation's Golf Participation in the U.S. study. For more on the NGF study, see story on page 3.

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PERIODICAL



Architect Tom Fazio on site at the Virginia State Golf Association's Independence Golf Club. When the course opens next summer, it will have a 9-hole Kid's Course. For more on this story, see page 19.

Eco-terrorists strike Pure Seed test farm

By JAY FINEGAN

HUBBARD, Ore. — An underground eco-terrorist group styling itself the Anarchist Golfing Association attacked Pure Seed Testing Inc. here last month, smashing into greenhouses, overturning and stomping on experimental grass plots, scattering identification labels, and spray painting such slogans as "Nature Bites Back."

Crystal Fricker, director of research and new president, estimated damage at about \$500,000, but said the value of projects destroyed in the raid could easily have run over \$1 million. "It's hard to put a value on it," she said. "We've lost years of research."

The Federal Bureau of Investigation swung into action quickly, assigning 10 agents to the case. At press time, no arrests had been made.

The vandals stole onto the 110-acre research farm



Damage to Pure Seed's experimental grass plots.

during the night. "They hit two different greenhouses and went across 70 acres of the farm, hitting different nurseries, pulling up plants, cutting the heads off plants, and dumping 200 pots of ornamental grasses collected from around the world," Fricker said. "They left little clues that they had been everywhere — golf balls embossed with their insignia: a circle-A anarchist symbol,"

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dot-coms primed to revolutionize market

By ANDREW OVERBECK

While the buzz surrounding the launch of several Internet-based business-to-business ventures earlier this year has faded, work behind the scenes continues as these high-tech companies clamor to define strategies, attract vendors and buyers and get up and running. In the meantime, web-savvy superintendents are beginning to embrace the concept of purchasing goods on-line.

New players have also burst onto the scene in recent weeks, bringing the total of superintendent specific



Rhonda Knipp

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Jack's back in Monterey

By ISAAC HILLSON

MONTEREY, Calif. — In the charged atmosphere of the weekend before the U.S. Open at Pebble Beach, Jack Nicklaus made some noise a few miles east as he unveiled his latest course design.

Pasadera Country Club is set inland, just east of Laguna Seca Public Course and a few miles from the ocean. Cut into the familiar brush-covered hills of the California countryside, the course caters to the recently rich forty-something retirees of the booming San Francisco Bay area and offers some relief from the unpredictable fogs of the coastal areas of the Monterey Peninsula.

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Destructive beetle spreading fast through Northeast

By JAY FINEGAN

BRETTON WOODS, N.H. — An unusually pernicious turf-destroying beetle, the European chafer, is marching briskly through Northeastern states and appears poised to extend its range. Speaking to superintendents

from Maine and New Hampshire at the Mount Washington Hotel here, entomologist Stanley R. Swier said the chafer can do "a phenomenal amount of damage."

Swier also expressed concern that the insect may be on the verge of a breakout phase. "The chafer will lay its eggs in potted nursery plants, and these plants will be shipped around the country," he said. "They can also be carried by cars and trains. They emerge by the millions in late June, and they'll fly right into vehicles. When you look at



European chafer depositing eggs.

the routes of major highways and rail beds, you see the chafer following those tracks. It's getting a free ride from place to place."

The brown, inch-long beetle, a native of central Europe, first appeared in the United States in 1940, when it turned up in Newark, N.Y. Its advance from there had been gradual. Now, however, the insect has spread as far north as Portland, Me., and southern Canada,

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Course owners, IRS negotiate

By A. WASHBURN

CHARLESTON, S.C. — The National Golf Course Owners Association (NGCOA), working with the national accounting firm KPMG, met here recently with officials of the Internal Revenue Service to seek more favorable tax treatment for golf courses. At issue was a 45-year-old tax regulation dealing with real estate depreciation which, course owners contended, failed to account for the construction and maintenance costs of modern layouts.

Revenue Ruling 55-290,

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IRS, NGCOA

Continued from page 1

issued in 1955, states that "expenditures incurred by a taxpayer in the original construction of greens on a golf course constitute capital expenditures to be added to the original cost of the land and are not subject to an allowance for depreciation."

The IRS has consistently been guided by this ruling when auditing golf course owners.

"Nobody there [at the IRS] really had a clear perspective on the evolution and complexity of today's golf courses," said Bill Ellis, a partner with KPMG and the firm's national director of tax services for the golf industry.

The NGCOA enlisted KPMG's assistance in the negotiations to help fashion a professional and comprehensive response to any issues arising from the discussion. In spearheading the NCGOA's effort, Ellis set out to convince IRS officials that golf course maintenance is more than general landscaping. It also involves construction, earthmoving, irrigation and other major renovations and improvements. Those things do depreciate in value, Ellis maintained.

"The only way the golf industry was going to have any reasonable chance of truly presenting their case and making a significant impact on the IRS would be to do it in an organized manner and on a paid basis," Ellis explained. "The issue

was too important, too difficult and too complex to be handled on a pro bono or volunteer basis. If you wanted to have a chance at this you had to do it right."

The IRS was more than willing to cooperate with KPMG and the NGCOA, when one of its employees pointed out that the proposed Audit Techniques Guide (ATG) was based on this 1955 ruling. The guide was meant as a new effort to provide uniform treatment of golf course tax audits. The IRS itself first proposed the meeting, to give the course owners a chance to present their case.

OWNERS' ARGUMENT

The meeting took place here recently between members of the NGCOA, KPMG and the IRS. "We committed to doing a first-class educational, non-confrontational presentation of the industry," Ellis said.

Fourteen high-level employees of the IRS attended, including officials who would be directly involved, from the offices of chief counsel, the market segment specialization program, district counsel, appeals, revenue agents, and Office of the Taxpayer Advocate and Passthroughs.

Three golf industry experts - Larry Hirsch, Michael Hurdzan and Jim Moore - explained different aspects of the NGCOA's position.

"Golf Courses have a very intricate sub-surface construction system," said Hirsch, of Pennsylvania-based Golf Property Analysts. An expert on golf course real es-

tate, he detailed many of the complexities involved in the modern golf course.

"There's a very complex make-up of what is underneath the ground," Hirsch said. "There's drainage and soil content. The bunkers wear out, the tees need to be leveled, the grass needs to be replaced. The bottom line is that not allowing depreciation on that is an unfair advantage for other types of real estate."

Hurdzan, of Hurdzan-Fry in Columbus, Ohio, a noted architect and historian of golf course construction, described the evolution and background of this industry. Hurdzan pointed out the changes that have taken place in golf course construction and maintenance since the 1950s. Most notably, he said, course irrigation systems did not exist prior to 1959. He argued that the golf course has become an entire drainage system composed of different levels from the soil to sand and drainage pipes, down to the irrigation system itself.

Jim Moore, director of the Green Section for the United States Golf Association, in Waco, Texas, focused his presentation on the wear, tear and obsolescence of golf courses. He explained that if the irrigation system needs to be replaced, the greens also need to be dug up and replaced.

Moore described how changes in the

game of golf influence course architecture, requiring reconstruction of the greens. The layer of gravel underneath the green is often composed of limestone, which can break down due to mechanical pressure or natural chemical forces, he said, causing a decline in the amount of water being transported to the drainage lines.

Moore's presentation went on to describe root-zone damage. For example, he discussed the damaging effect of mowing on root systems. The clippings left behind accumulate in the upper layer of the root zone, causing deterioration of growing conditions.

Turfgrass, Moore contended, is often overlooked for its decline in value. Contamination, segregation and mutation are all reasons for the depreciation of turfgrass. Moore provided in-depth analysis of the ways in which greens, tees, bunkers and fairways depreciate.

Michael Hughes, executive director of the NGCOA, described the meeting as extremely productive. "I think they [the IRS] approached it with an open mind," he said. "We provided them with some really useful information."

The IRS, Ellis said, will not issue the ATG based on the outdated information from 1955. He is hopeful that the course owners may even be able to obtain revocation of Revenue Ruling 55-290. ▽



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