

## Clubs Protest Against Growing Tax Burden

By Herb Graffis

**Increasingly tough tax situation may necessitate clubs taking united action to fight higher, more numerous levies**

IT has been noted that failure of U. S. golf clubs to present a strong and united front through the USGA in tax matters has been partially responsible for an increasingly tough situation. Establishment of golf clubs usually means an increase in a locality's taxable values. The golf club by making a neighborhood more valuable for residential purposes adds substantially to a taxing body's income, but in this process gives itself a backbreaking load.

Imminence of increased taxes necessitated by national defense brings golf face-to-face with its tax problem. Golfers don't want to duck their share of the load, but they have some reason for believing the tax situation, unless rationally handled, may curtail the national revenue from the game.

### Further Play Increase Probable

Prior to the previous Great War, golf boomed in the U. S., undoubtedly because of munitions profits. There probably will be further extension of play on public and fee courses due to increased income of workers in offices and factories engaged in war work. Both the Allies and the Nazis while in the midst of their bloody struggle are regarding recreational activities as a necessity for the home front, even though sports across the Atlantic now of course, are sharply curtailed and on a hit-and-run basis.

So, regardless of developments, club officials figure they must get the tax situation adjusted to what the traffic will bear.

An illustration of one phase of the golf club causing increase of surrounding property values is at Reno, Nev. Construction and irrigation problems made the Reno municipal course cost high. However, increase in value and tax income of property adjacent to the course gives evidence of making the Reno course expense a profitable investment of public funds.

### Private Courses Hit Hard

Private courses, especially older, close-in courses, are suffering severely from the tax situation. The times are not favorable to an equitable adjustment of such taxes. Golf missed the boat on this by the clubs not getting together. USGA efforts were energetic but inadequate. The USGA position was weakened by an inability to declare that it specially represented, at any time, as many as  $\frac{1}{4}$  of American golf clubs.

It appears that this year the number of rounds of golf played over public and privately-owned daily fee courses will ex-

Passaic County (N. J.) golf course periodically awards golf balls among players who turn in scores for handicapping. The practice has greatly increased the number of cards posted.

ceed by probably 20% the number of rounds played over private courses, although there are only about 36% as many pay-as-you play courses as private courses in the U. S. That will dispose of the argument that golf is a luxury proposition and should be taxed accordingly.

The social security and unemployment taxes involving golf club help is an even more complex phase of the clubs' tax matters due to the limited period of most club's full-time operations and the caddie status. Limitations of the budget and the prevailing regional wage scales for agricultural labor keep course labor wages restricted. Inability, or oversight, of clubs in providing year-round employment for their course workers through the club work schedule, or off-season employment in members' factories, has laid clubs wide open for payment of unemployment compensation.

Arguments pro and con on this part of the club taxation problem are almost certain to bring out the fact that many course workers of considerable trained value during the course operating season are forced onto relief during the club's off season.

#### Question Logic of Tax

However onerous and complex most golf club taxation problems are, there is one tax matter that is getting club officials frothing in apparently impotent irritation. For golf's annual contribution of probably more than \$35,000,000 a year toward emergency solution of the youth unemployment problem, it is compelled, in numerous places, to take on a tax of questionable logic and inescapably high cost of collection.

Thomas Butler, secretary of the Rock Spring CC, Alton, Ill., writes Martin Durkin, Director of Labor, state of Illinois, concerning the Illinois unemployment compensation tax for caddies. Butler draws an interesting parallel between the position of golf clubs and labor unions in making his protest to Durkin.

Butler writes: "Recently we have been

informed of the Unemployment Compensation ruling that fees paid to caddies at golf clubs are taxable under the Unemployment Compensation law.

"The first explanation of this ruling we received indicated that the Division would expect golf clubs to estimate the number of caddies employed during a quarter, estimate their earnings and pay tax based on this estimate.

"Later a representative of the Unemployment Compensation Division told me this was not the case—that the requirement would be to list the name of every caddie, require him to obtain a Social Security number, and report on each individual's earnings, plus an estimate of his tips.

"The ruling in itself, I feel sure, will appear unreasonable to the hundreds of golf clubs over the State which are located in small or medium-sized towns and in which the clubs are managed by volunteer and unpaid officers. In these cases caddies come and go in numbers ranging from 20 to 50. Most of them are school boys who outside of school hours are able to pick up spending money in a healthful, wholesome manner. Such golf clubs are not business enterprises, are not organized for profit, do not have facilities to keep accurate records. Many of them, I am sure, are like our own club—actually in a state of bankruptcy but able to remain in existence only because of leniency on the part of the holders of the club's obligations and mortgages.

#### Contentends Player Is Employer

"In clubs like this the golf player is really the employer of the caddie. I understand the Division has held that since the club exercises authority over the department of caddies and keeps a caddie-master to apportion out the assignments among them, then the club assumes the title of employer. In a true sense, however, the club is not the employer—the player is. He decides whether he wants a caddie, whether the caddie is satisfactory and how much to pay the caddie. The club handles no money.

"If in such an instance the club is the employer then it would seem in parallel that where laborers are employed through the business agent of a union local, that local is the employer since the business agent gives the assignments and vouches for conduct and performance. It would seem to me equally reasonable to require the business agent to report on earnings of members of his local whom he has as-

Municipal golf in Indianapolis, in the decade since inaugurating the prevailing plan of course operation, has turned in a net profit of \$75,718.82. Numerous substantial improvements were made out of operating income. The golf department showed a deficit of \$25,684.54 on Jan. 1, 1930 when A. C. Sallee took charge. Players, instead of beefing that golf fees finance considerable other munny recreation plant operation, boast of the excellent character of Indianapolis' municipal golf. Taxpayers rub their eyes in pleased amazement.

signed to jobs and pay the tax on their wages. The relationship there is exactly the same as it is with a caddie-master at a golf club.

"As secretary of this club, I wish to protest against this ruling which appears to me to be so far-fetched and unreasonable. I cannot see how a caddie could possibly earn enough to qualify for benefits, or any common sense basis for holding that caddie fees should be taxable. Neither can I see how you could expect a correct accounting of their activities from golf clubs which are too small to maintain a systematic record. Secretaries of these golf clubs, just as officers in any volunteer social organization, perform their duties in order to try to keep the organizations going without any thought of compensa-

tion. Holding such organizations under the regulation of so many laws has multiplied their duties until they have become tremendously burdensome, and so do the taxes. Our own club, for example, must obtain 15 cents with which to pay tax for every dollar that it obtains, to keep going. This is in addition to making out all the reports that are required by the various agencies of government.

"As one who is doing his best to go along with governmental agencies and conform to their requirements, I want earnestly to urge you to arrive at a ruling which will more nearly result in compliance than in evasion because I feel sure that in many cases club officers will not even make a conscientious effort to comply with this ruling."

## What War is Doing To Turf Treatment

By John Monteith, Jr.

FOR years many Americans have regarded European squabbles as nothing to concern us. Recent months, however, have demonstrated many ways in which European affairs may complicate American operations. One item which to most people would seem well removed from wars, is the control of diseases on our American putting greens. Nevertheless, the fact is that the war is actually having a decided effect on the cost of controlling brown-patch and dollar spot.

The most effective fungicides known for the control of turf diseases are those that contain mercury. It so happens that mercury is one of the metals extensively used in wars for the manufacture of fulminate of mercury, employed as a detonator for high explosives. Other mercury salts are also extensively used by the medical corps of armies.

The big majority of the normal world's supply of mercury has for many years come from Europe—chiefly Spain and Italy. We produce in this country only a small percentage of our peace-time requirements. On the other hand, we have large quantities of mercury ore in the United States. This ore, however, is of low grade, which does not justify being extensively worked when the price of metallic mercury (quicksilver) is not well

above the normal level. It seems the development of new or abandoned mines is a slow process, so production is rather tardy responding to even a drastic rise of prices. Therefore, in spite of the stimulation of domestic mercury production the war in Europe will have a pronounced effect on the seemingly unrelated fight against turf diseases on the golf courses of this country.

Metallic mercury is ordinarily handled in flasks weighing 76 pounds. The average flask price in New York last August was \$84.41. In September it jumped up to \$140. And in March the price once went as high as \$183.

Corrosive sublimate contains approximately 74% of mercury. Thus to manufacture 100 pounds of corrosive sublimate it is necessary to use practically a flask of quicksilver. Because of its even higher mercury content, a flask of mercury will produce only about 90 lbs. of calomel. On the other hand, a flask will produce from 400 to 700 lbs. of some of the lower grade mercury fungicides commonly used on golf courses.

The other ingredients in these fungicides represent relatively negligible items of cost. For instance, the other ingredient of corrosive sublimate and calomel is chlorine. This material is a part of such