

Club Excise Burden Falls Heavily on Middle Income Group

Two memorandums prepared for the USGA by Dr. C. Lowell Harriss, professor of economics at Columbia University, and Lynford Lardner, Jr., USGA general counsel, strongly support the contention that the Federal excise tax on club dues discriminates against golf club members and greatly reduces the contribution that private golf clubs make to the country's welfare.

In his memorandum, Harriss reviews statistical evidence of Bureau of Labor statistics and the USGA that refutes the impression of club membership as a luxury and that the tax falls predominantly

If the federal excise tax on dues is reduced by Congress, the reduction probably won't apply to dues already paid, according to the USGA. Therefore, clubs may wish to suggest to their members that it is to their advantage to pay 1965 dues in installments.

on upper income groups. These figures indicate that more than half of club dues in 1960-61 were paid by people with incomes under \$10,000. In addition the excise tax falls unequally in relation to income not only from one income group to another, but even more so within each income class.

Dues Are Low

Harriss points out that from 840 replies to a USGA questionnaire, it was determined that nearly two-thirds of the clubs charged dues of under \$300 a year and only 10 per cent charged \$500 or more. The average spending subject to club dues tax was \$250 (including initiation fees, special assessments and locker rentals). The conclusion Harriss reaches is that "for some people club membership may be a luxury — but not by any means for all."

Lardner in his memorandum emphasizes (like Harriss) that a 20 per cent tax on clubs is largely a tax on sport and recreation, even health. Its discriminatory effect is causing financial difficulties at many clubs and has led some clubs to disband. The memorandum reports that in a USGA survey, more than half the clubs stated they were operating at a deficit.

Half Are Small Clubs

Lardner emphasizes that most private clubs (over half) have only nine-hole courses, which are principally located in small towns. He estimates that there are 3.4 million club members, which means the average dues tax paid per member is approximately \$20, indicating that the average dues are \$100. This is a further indication that the vast majority of golf clubs are within the means of the middle class.

The memorandum states private golf clubs are substantial employers of unskilled and youthful workers, "two categories currently presenting serious unemployment problems throughout the country."

Deters Building New Courses

The USGA counsel says the effect of the dues tax constricts existing clubs and also deters the establishment of new clubs. Calling for a neutral tax policy toward clubs, Lardner concludes, "The USGA does not ask for special treatment for club dues . . . but . . . large club dues tax is an excessive burden to the vast majority of clubs, which are modest operations and continually find themselves in financial difficulties."

Clubs for "Golf House" Museum

Clubs used in Ken Venturi's win in the 1964 USGA Open and Jack Nicklaus's two National Amateur triumphs have been presented to the golf museum at "Golf House" in New York City. Venturi donated the driver he used from the start of his pro career and put away after the PGA Championship last summer. Nicklaus gave the USGA a 9-iron he used in the 1959 Amateur and the driver he used in winning the 1961 title.