

New Bonanza in '66

Golfdom's exclusive survey reveals that the majority of clubs will use the excise tax saving for major improvements.

America's golf clubs are preparing for an all-time spending spree in 1966, and the new year should mark the beginning of one of the most prosperous eras the game has ever known. These factors were clearly indicated in a recent survey conducted by GOLFDOM among club officials and managers to determine how the repeal of the 20 per cent Federal Excise Tax on club dues has influenced future planning.

The results of the nation-wide inquiry reveal that a majority of clubs are preparing their treasuries for a new bonanza on January 1, when the tax bite is officially lifted, and that the bulk of this money will be appropriated for expansion, renovation and new purchases. Other clubs indicate that the tax repeal will enable them to put their books in the black for the first time in years without levying a special assessment on the membership.

Shortly after President Johnson put his signature on the massive \$4.8 billion reduction in excise taxes last June, GOLFDOM began to receive a flood of inquiries from club officials and course operators for advice on how to proceed with the collection of club dues. The 20 per cent tax on club dues and initiation fees had been borne by club members for 22 years, and the total repeal came with startling suddenness. The most optimistic of those who had waged the campaign for its reduction had predicted that the Congress would, at best, cut it in half. Since the six-months interim period gave

officials a chance to prepare for an orderly adjustment, GOLFDOM set out to take a sampling of reaction to the potential windfall.

Questionnaires were distributed to some 800 club presidents, managers and course operators on a basis that considered geographical location and the size and type of club. The key questions of the detailed sampling were:

- 1.) *Will your club raise dues to include all (or part) of the money formerly paid by the members as excise tax?*
- 2.) *Will your club pass along the elimination of the excise tax as a saving to the member?*
- 3.) *If you are increasing dues, how and in what amounts will you appropriate this new income?*

Of the club officials responding, 64.1 per cent indicated they will raise their dues to include the money formerly paid as tax; 22.2 per cent will keep dues at the same level; and 13.7 per cent had not reached a decision on the matter at the time of the survey. Numerous respondents in the last category, however, revealed that they were thinking in the direction of a 20 per cent increase in dues although a final verdict had not been reached. Based on these actual survey figures and voluntary marginal notes, it appeared likely that nearly 75 per cent of clubs participating in the poll would utilize the former tax money for the club treasury.

GOLFDOM'S 1966 PLANNING SURVEY

Will raise dues to include money formerly paid as excise tax	64.1%
Will not raise dues	22.2%
Undecided at time of survey	13.7%

CHARACTERISTICS OF CLUBS INCREASING DUES

*Private clubs	63.4%	Average membership	393
*Semi-private clubs	36.6%	Average annual dues	\$396.50
18-hole courses	59%	Anticipated increase	
9-hole courses	28%	in membership	
27-hole courses	8%	for 1966	8%
36-hole courses	5%		

*Municipal courses have not been subjected to Excise Tax payment.

HOW CLUBS INCREASING DUES WILL SPEND THE BONANZA

21 %	will enlarge or improve golf course —average expenditure: \$44,260	
6 %	will install or improve practice green —average expenditure: \$10,333	
31 %	will erect or improve clubhouse with an average expenditure of \$52,500	
13.3 %	will install or improve restaurant with an average expenditure of \$27,500	
33 %	will install or improve pro shop with an average expenditure of \$10,660	
17 %	will install or improve locker room —average expenditure: \$36,250	
8 %	will install or improve bar with an average expenditure of \$22,500	
14 %	will install or improve outdoor patio —average expenditure: \$2,750	
15 %	will purchase office equipment with an average expenditure of \$1,063	
13 %	will install or improve kitchen with an average expenditure of \$13,200	
14 %	will purchase glassware with an average expenditure of \$900	
16 %	will purchase silverware with an average expenditure of \$1,425	
11 %	will purchase dishes with an average expenditure of \$1,566	
21 %	will purchase clubhouse furniture with an average expenditure of \$7,625	
22 %	will purchase floor covering with an average expenditure of \$3,971	
29 %	will install or improve irrigation system —average expenditure: \$32,837	
37.5 %	will purchase mowers with an average expenditure of \$1,885	
13 %	will purchase spreaders with an average expenditure of \$825	
20 %	will purchase tractors with an average expenditure of \$8,440	
3 %	will purchase hole-cutters with an average expenditure of \$75	
14 %	will purchase aerators with an average expenditure of \$1,150	
9 %	will purchase tee-markers with an average expenditure of \$455	
6 %	will purchase benches with an average expenditure of \$850	
5 %	will purchase ball washers with an average expenditure of \$287	
20 %	will install or improve tennis courts —average expenditure: \$15,045	
7 %	will install or improve swimming pool —average expenditure: \$16,500	
11 %	will install or improve showers with an average expenditure of \$10,200	
6.6 %	will install or improve roads with an average expenditure of \$2,650	
9 %	will install or improve parking areas —average expenditure: \$4,750	
12 %	will install or expand work sheds with an average expenditure of \$3,241	
2.5 %	will install or improve halfway houses —average expenditure: \$960	
23 %	will purchase golf cars with an average expenditure of \$13,675	
9 %	will purchase batteries with an average expenditure of \$933	

no fine protection

Many officials indicated on their returns that they did not feel they were violating the spirit of the excise tax repeal by depriving the members of a tax savings. (In signing the excise tax repeal, President Johnson had asked for cooperation in passing the tax relief along to the

consumer.) These poll participants pointed out that an increase in club dues for 1966—or some kind of assessment—would have been necessary if the tax money had not been available.

Of the officials taking part in the survey, 63.4 per cent represented private

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SURVEY

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clubs, the remainder (36.6 per cent) semi-private layouts. Municipal and military courses were not subject to the excise tax. Standard-size (18 holes) courses accounted for 59 per cent of the replies; 28 per cent represented 9-hole courses; and the balance (13 per cent) were 27 holes or more. Other characteristics of the participants: average membership of 393 members paying an average of \$396.50 in annual dues, and anticipating an 8 per cent increase in memberships for 1966.

A projection of the survey figures indicates that about \$137,400,000 in new money from present members will become available to the clubs changing the dues structure. Considering the anticipated 8 per cent increase in members and the fact that the former 20 per cent on initiation dues will also go into club coffers, another \$35,000,000 to \$40,000,000 could be added to the pot. On dues increases alone, the clubs will realize an average increase of \$33,700 each in annual revenue.

With such a yearly gain anticipated club officials are embarking on ambitious building and refurbishing programs—many of which have been needed for some time. Other obligations are not being overlooked, however. Club employees, for instance, stand to profit from the new golf economy, since 29 per cent of clubs polled in the GOLFDOM survey revealed they were planning to raise salaries, and 26 per cent indicated they will increase the size of their staffs. Reducing club debt is the concern of 37 per cent, but the highest figures are compiled by those planning improvements and purchases. Capital improvements will be made by 76 per cent of those queried, while 43 per cent will purchase equipment.

As the total of these percentage figures will show, many clubs will spend the bonanza in more than one direction. Indeed, some respondents disclosed that they are planning to invest in such projects as retirement and insurance programs for their employees.

Club pros who have long been singing the blues over lack of space for pro shop operations, will find cause for considerable glee in the survey report on club improvements. New or improved pro shop facilities are in store for 33 per cent of the clubs raising dues—the highest figure in all categories of construction or improvement. The erection, expansion or improvement of clubhouses ranks next with 31 per cent, and the average expenditure anticipated is a very impressive \$52,500.

Two other survey factors that rate very high should warm the hearts of the golfers. Twenty-one per cent of the clubs plan to enlarge or improve the golf course, and 29 per cent will install or expand an irrigation system. The drought in the eastern states over the past several years, which has kept many fairways burned-out for the bulk of the playing season, must be considered an important factor in this high figure for watering systems.

Two other trends in the development of facilities are supported in the survey. Recent demands for more and more non-golf activities is reflected in the plans of 20 per cent of the clubs to install or expand tennis courts. And the tremendous increase in the use of golf cars is shown in the fact that 23 per cent will procure (either by outright purchase or fleet rental) new vehicles. Anticipated average expenditure for the golf car category is \$13,675, which indicates orders will be placed for substantial numbers.

All in all, the repeal of the Excise Tax, brought about by the effective campaigning of many people—including Arnold E. Abramson, publisher of GOLFDOM and GOLF Magazines, and Herb and Joe Graffis, GOLFDOM's pioneers—should put the game and all its allied industries and interests on the threshold of the happiest state of health in years. •

GOT A BIG IDEA FOR '66?

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