Accent on management

by **Ken Emerson** *Executive Director, National Club Association*

The ability of privately owned golf courses to remain independent is being severely taxed, in the most literal sense of the word.

Already challenged for living space by urban development and a growing suburbia, private golf now faces yet another peril—an effort by some misguided and short-sighted states and local governments to saddle their few remaining acres of recreational land with a new real estate tax geared to the "highest and the most profitable use" of the land possible.

Should the move succeed to the point where it becomes a general trend, it may well prove a final, fatal blow to many of the country's already hard-pressed private courses.

There is no doubt that local communities face a difficult problem in their need to discover new revenues to satisfy the growing demand for increased public services. Doubtless, too, the privately owned golf course and small country club appear to be the most likely and least vocal sources for such revenue, at least, on the surface.

Such is not the case!

Though bedeviled by rising costs and operational expenses, the private golf course maintains an often extensive recreational facility on anywhere from 90 to 200 acres of increasingly rare, green, landscaped, open space at no cost to the community where it is located.

It fully expects to, and does, pay a full tax load on all its buildings, its swimming pool, and other improvements. It also expects to pay a fair and proportionate tax on its open land. In New York State alone, 210 golf clubs already pay more than $5 million annually in property taxes. And it adds to community coffers in many other ways.

Because they are in the neighborhood of a well-kept golf course, the value of surrounding homes is considerably above that of other residential areas. The higher taxes realized from the increased valuation are a measurable part of the community's financial resources.

To maintain its facilities, the private course spends all, or nearly all, its income with local concerns; depending on its size this represents from $100,000 to $1 million to local businessmen. In addition, the club supports a payroll that often exceeds $100,000, representing jobs as well as purchasing power.

Tax the open, strictly recreational land of this golf course at its "highest and most profitable use" rate and the club's already strained financial resources may leave it only two alternatives.

Move—or dissolve!

Because a golf club contemplating a move faces an immediate outlay of $1 million or more for property and buildings, the temptation is to dissolve, but either decision means that the community will lose taxes, jobs, and purchasing power.

More particularly, the individual citizen is a loser. Golfer or non-golfer, the departure of the club means not only the loss of another recreational area, but *higher taxes* as well. In fact, the legislature which seeks to raise additional funds by taxing golf courses on a "highest and best use" base may well find itself in the position of the snake which sought to satisfy its hunger by consuming its tail.

How does this happen? Consider this statement from the Planitorial, "Taxation Without Consideration" in a recent issue of *Urban Land*.

"By reason of its sheer value as open space, a golf course creates value for the surrounding property. The value from the presence of the golf course accrues to the surroundings, not the reverse. If the golf course were to be assessed at a market value represented by the surrounding improved lots it would be quickly taxed out of existence. Under all this too common practice, the golf course disappears and the values previously assignable to its presence disappear with it. A net loss to the community results. For real estate tax purposes the golf course should be assessed at its value as a golf course and not for its value as house sites."

This statement was underlined by a California study which showed that where golf courses have moved, the adjacent property immediately decreased in value.

The study also pointed up an additional factor which *adds* to a community's tax burden. Replacing a golf course with housing, especially multiple housing, creates an equivalent need for paved streets, sewers, utilities, schools, police, and the other public services required by the addition to the population. And new, or higher taxes to support them!

Even maintaining the course as a municipal enterprise is not a satisfactory answer. Taxes are lost and the course must be supported by additional taxes paid by golfer and non-golfer alike. Greens fees alone cannot do the job.

While expressions of concern and requests for help are coming in from many parts of the country, some states *are* taking a hard, new, look at the problem—and are acting. Maryland, California, and Florida, in particular, have enacted specific legislation to ensure the future of recreational land for their citizens' benefit.

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deer in the area are protected and they have taken a liking to my greens. Are any chemicals available that will repel deer from the greens?
(New York)

A. We have no first-hand knowledge of deer repellent chemicals but first I would suggest coal tar placed in pans around the greens. Next in line would be mothballs. A company in Reading, Pa., makes chemical repellents for deer and rabbits, but I've seen no results first hand. Without implying anything pro or con, here is the name of the company: State College Laboratories Dept. N, 30 N. 8th St., Reading, Pa. 19601. □

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It would be difficult, if not impossible, to cite the various laws in their entirety, but in order to help those considering such legislation we do quote those pertinent parts of three of the laws which should be of the most assistance to those who are interested.

Section 193.-202, Florida Statutes:

"Whereas, there is a need for open spaces, parks and greenery in the communities of this state; and

"Whereas, savings are realized by the public through the development and maintenance by private interests of outdoor recreational and park lands containing landscaped areas; and

"Whereas, lands surrounding and in the vicinity of outdoor recreational or park lands are enhanced in taxable value because of the existence of such outdoor recreational or park lands; and

"Whereas, privately owned outdoor recreational and park lands provide recreational facilities which otherwise would have to be provided by governmental authority and would, therefore, not be subject to real estate taxes; and

"Whereas, outdoor recreational and park lands require and make little or no demand upon governmental authority for governmental services; and

"Whereas, it is the intent of the legislature to encourage the establishment and maintenance of privately owned outdoor recreational and park facilities;

NOW, THEREFORE,

Section 1. Chapter 193, Florida Statutes, is amended by adding section 193.202 to read:

" . . . The owner or owners in fee of any land which is utilized for outdoor recreational or park purposes may, by appropriate instrument . . . covenant with the governing board of any county in this state within which said land is located for a term of not less than ten (10) years that the said land shall not be used by the owner for any purpose other than outdoor recreational or park purposes.

" . . . (3) . . . the subject of such conveyance or covenant shall be thereafter assessed as outdoor recreational or park lands upon an acreage basis, so long as such lands are actually used for outdoor recreational or park purposes . . .

" . . . (6) (a) 'Outdoor recreational or park purposes' includes, but is not necessarily limited to boating, golfing, camping, swim-

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ming, horseback riding, historical, archaeological, scenic or scientific sites; . . ."

The Maryland law which added Section 19 (e) to Article 81 of the Annotated Code of Maryland is similar in intent, but has one or two important differences.

"19 (e) (5) . . . The period covered by the agreement shall be at the option of the country club but shall be not less than ten (10) consecutive years and may be extended from time to time.

"(6) Lands covered by such agreement for purposes of assessment for state, county, special tax district and municipal taxes shall be reassessed by the state department of assessments and taxation on the basis of such use as a country club which said reassessment shall be made, and shall be effective as of the date . . ."

The California law, again is similar in intent, but somewhat different in content. Article 13, Sec. 2.6, reads:

"In assessing real property consisting of one parcel of 10 acres or more and used exclusively for nonprofit golf course purposes for at least two successive years prior to the assessment, the assessor shall consider no factors other than those relative to such use. He may, however, take into consideration the existence of any mines, minerals and quarries in the property . . ."

Article 28, Sec. 1, reads, in part:

" . . . The people further declare that assessment practices must be so designed as to permit the continued availability of open space lands for these purposes, and it is the intent of this article to so provide . . ."

And in Sec. 2 of the same Article 28:

" . . . All assessors shall assess such open space lands on the basis only of such restriction and use . . ."

It is clear from the foregoing that, in exchange for tax consideration, the states involved want assurance that the golf course will continue to maintain their facilities for the purpose for which they are intended. This expectation is a fair and justifiable one. □

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