

# Accent on management

by Ken Emerson

### Minimum Wage legislation

Of utmost importance to every golf club in the country are two bills, introduced in the House and Senate, that would raise the Federal minimum hourly wage to \$2, eliminate the overtime exemption for food and beverage service employees and repeal the rule permitting tips to be credited to the minimum wage.

Both H.R. 10948, introduced by John Dent (D-Pa.) and S.2070, submitted by Senator Harrison Williams (D-N.J.) will be considered by the committees on Education and Labor in the House and Labor and Public Welfare in the Senate. While Congressional action may not be taken during the session it would be well to review the important points of this proposed law now for future consideration and action. They are:

1) Immediate increases to \$2 an hour for all employees currently receiving \$1.60 an hour.

2) An increase to \$2 an hour in 1972 for all employees reaching the \$1.60 level in 1971.

3) Repeal of the provisions in the present law which permit tips to be applied to 50 per cent of the minimum wage.

4) Repeal of all special exemptions to both the minimum wage and the overtime provisions presently applying to clubs, restaurants and hotels. 5) Removal of the gross volume and interstate commerce tests. The new definition would be "is engaged in retail or service business, including any activity relating thereto," and "engaged in commerce or the production of goods for commerce or is employed in an enterprise engaged in commerce or the production of goods for commerce." This would bring every social club in the country under the law without regard to size.

These new proposals are regarded as the most important labor legislation affecting clubs since the amendments passed in 1966, and may have an even broader impact on our industry. **Other action being considered** 

#### Other action being considered by Congress

Wilbur Mills, chairman of the House Ways and Means Committee, has just announced the substance of tentative decisions reached by the committee regarding tax reform. He emphasized that the decisions are tentative and are made for the purpose of giving direction to the committee staff for the drafting of specific legislative language.

The actual drafting of the bill did not begin until mid July, but in his announcement, the chairman made it quite clear that the committee now feels that social clubs should be taxed on income from non-member business and investments. Most clubs feel that continued on page 18



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the imposition of this tax will free them from the 5 per cent limitation on non-member business and the almost total prohibition on investment income. Additionally, the committee gave no indication that it intends at this time to impose the tax on capital gains, which clubs vigorously oppose.

Although the Ways and Means Committee has apparently agreed to the suggestions of industry, it must be kept in mind that the decisions taken by the committee are merely tentative and that the legislation as finally drafted may reflect other opinions not yet made evident.

Clubs have been in the limelight in areas other than Congress. In June the Supreme Court of the United States handed down its decision in *Daniel v. Paul*, commonly called the Lake Nixon case.

The issue for determination in that case was whether the Civil Rights Act of 1964 could be used to force the admission of Negroes to an amusement area organized as a private club.

The Court decided that the Lake Nixon Club was not a bona fide private club in these words:

"Title II of the Civil Rights Act of 1964 enacted a sweeping prohibition of discrimination or segregation on the ground of race, color, religion, or national origin at places of public accomodation whose operations affect commerce. This prohibition does not extend to discrimination or segregation at private clubs. But, as both courts below properly found, Lake Nixon is not a private club. It is simply a business operated for a profit with none of the attributes of self-government and memberownership traditionally associated with private clubs. It is true that following enactment of the Civil Rights Act of 1964, the Pauls began to refer to the establishment

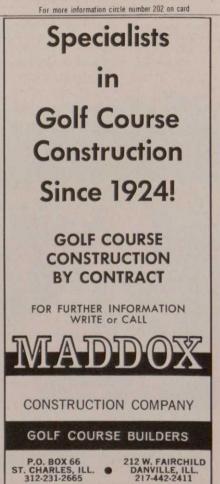
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as a private club. They even began to require patrons to pay a 25-cent 'membership' fee, which gains a purchaser a 'membership' card entitling him to enter the Club's premises for an entire season and, on payment of specified additional fees, to use the swimming, boating, and miniature golf facilities. But this 'membership' device seems no more than a subterfuge designed to avoid coverage of the 1964 Act. White persons are routinely provided 'membership' cards, and some 100,000 whites visit the establishment each season. As the District Court found, Lake Nixon is 'open in general to all of the public who are members of the white race.' Negroes, on the other hand, are uniformly denied 'membership' cards, and thus admission, because of the Pauls' fear that integration would 'ruin' the 'business.' The conclusion of the courts below that Lake Nixon is not a private club is plainly correctindeed, respondent does not challenge that conclusion here."

The decision does state that Lake Nixon had "... none of the attributes of self-government and member ownership traditionally associated with private clubs." The "privacy" of Lake Nixon was never at issue. In fact, the Government clearly stated-and defendent never claimed before the Court-that it was, in fact a private club, many of which are investor owned and operated at a profit, but are also private. 

#### **Offers** services

A service, known as Golf Advancement Relations, is being offered to the managements of businesses operating golf courses, golf organizations and groups which operate fund raising tournaments. Heading up the organization is Peter Leslie, director of U.S. Golf Handicaps. The address: Box 6270, San Jose, Calif. Telephone: (408) 356-7900.

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