The missed two-foot putt and the recurrence of that old slice will not be the only causes for depressing conversation this season at the 19th hole of country clubs in the urban areas of the United States and Canada.

More and more, individual members are becoming preoccupied with a possible threat to the very existence of their clubs presented by alarmingly spiraling property taxes.

There was a sharpening awareness of this situation during 1969 as hard-pressed municipalities, particularly in the so-called "megalopolis" areas, developed sources of increased revenue through revised or reinforced assessing practices in relation to golf courses.

With strict application of what is generally called the "fair and full cash value" concept, authorities jolted some clubs with bills that represented a jump of anywhere from twice to five times the figure for the preceding year.

Valuation in these cases was based on what the golf property would fetch at a maximum in the open market in purchase by a building developer.

One private course with a layout of approximately 120 acres, near Boston, has been assessed at $7,000 an acre.

"And that," a club official has said, ruefully, "is not too much less than the entire property cost when the course was built in 1900."

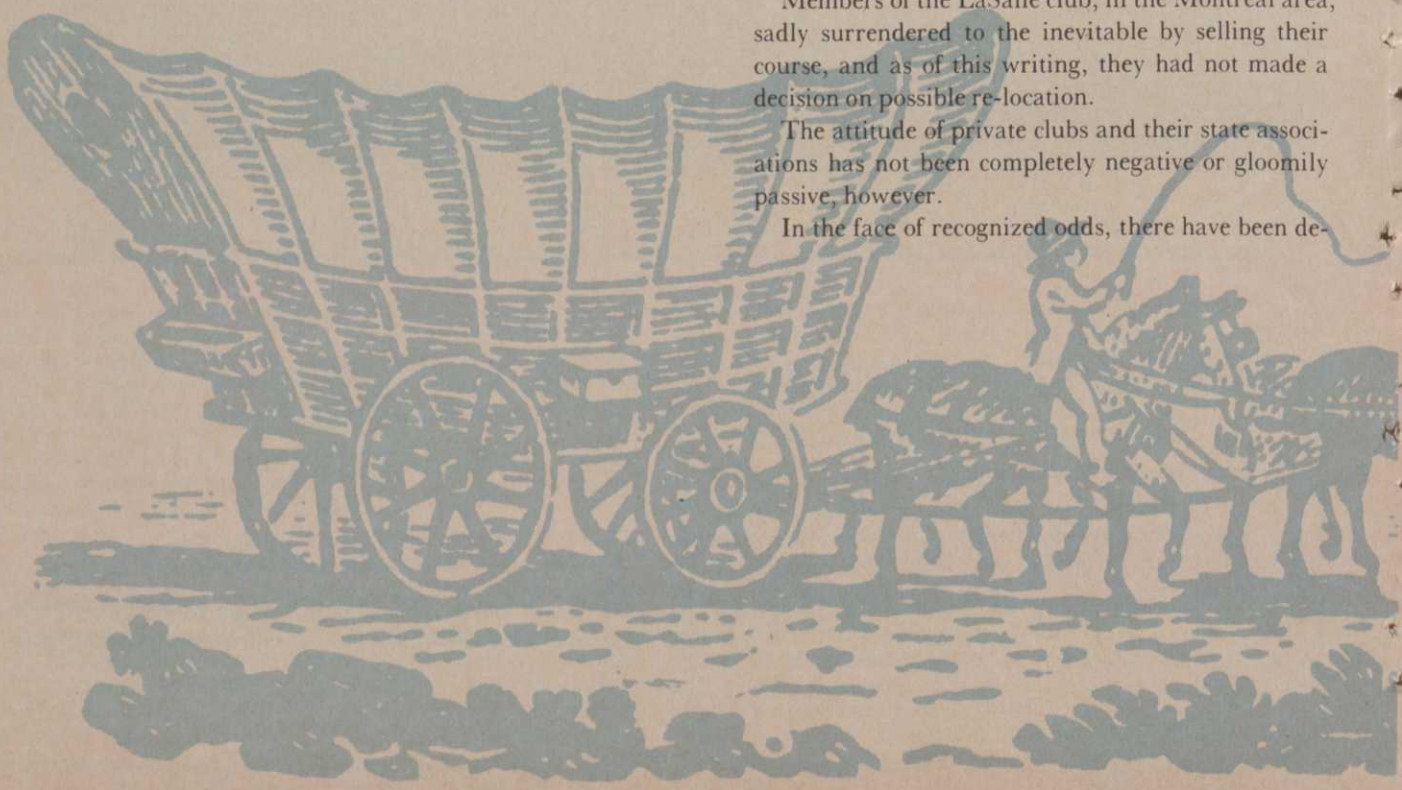
Unsurprisingly, there has been nervous talk in some clubs of pulling up flagsticks and ball washers and moving the whole operation miles out into the country where land values, hopefully, would be much lower. This could seem like an over-reaction, but it is not so far-fetched.

Spiraling property taxes are threatening the existence of many golf courses. In fact, some are thinking of pulling up stakes and moving to the country where the tax climate might be more favorable

Members of the LaSalle club, in the Montreal area, sadly surrendered to the inevitable by selling their course, and as of this writing, they had not made a decision on possible re-location.

The attitude of private clubs and their state associations has not been completely negative or gloomily passive, however.

In the face of recognized odds, there have been de-



finite stirrings of action in what might be regarded as an obviously well-mannered revolt of the country clubs.

The brightest, favorable precedent in the striving for some relief through what is most often called "green belt" legislation was provided last year by the Minnesota Golf Assn.

Under the leadership of its president, Norm Anderson, the association began discussions on real estate property tax problems in mid-January of last year. Discussion was transformed into galvanic action late the next month after a tax "bomb" exploded on the Minneapolis GC.

Officers of Minneapolis GC were rocked when they learned that valuation of open space land used for the golf course was increased from $3,200 to $16,200 an acre, with a tax increase from $26,000 to $112,000 per annum.

There ensued a stepped-up series of meetings and conferences, some spaced only days apart, and the issuance of circular letters to member clubs. By early April, an *ad hoc* committee had drawn up a proposed bill which eventually became known as the "Minnesota Open Space Property Tax Law."

With rather surprising rapidity, the bill, with some minor revisions, was passed both by the House and Senate on May 19 and was signed by Governor Harold LeVander on June 9.

The Minnesota bill might well serve as a model for the country club crusaders in other states.

In Section I, it notes that the previous "system of ad valorem taxation" in the state did not provide "an equitable basis for taxation of certain private outdoor recreational, open space and park land property and has resulted in excessive taxes on some of these lands.

"Therefore," the bill went on, "it is hereby declared that the public policy of this state would be best served by equalizing tax burdens upon (these properties) . . . through appropriate taxing measures to encourage private development of these lands which would otherwise have to be provided by governmental authority."

In providing for such relief, the bill essentially decrees that assessors shall not consider the value of the real estate if it were converted to commercial, industrial, residential or seasonal residential use. Under the bill, qualified clubs or organizations are required to make application for deferment of taxes and assessment at least 60 days prior to January 2 of each year.

The Minnesota legislation is being studied intently in other states, most notably in Massachusetts where taxation has been a traditional preoccupation ever since some of the lodge brothers dressed up in feathers and war paint and dumped that tea into Boston Harbor all those years ago.

The mood is sustained through this generation because Massachusetts not only has a personal income tax, a sales tax and an automobile excise tax, but also one of the highest compulsory auto insurance rates in the nation. It has gotten so disgruntled citizens have taken to calling the place "Tax-achusetts."

Property taxes have provoked another howl in the past few years because of the application of what is commonly called "100 per cent valuation" but termed by the experts as the "full and fair cash valuation" principle. There is really nothing new or retributive about this to country clubs or anyone else. It always was inherent in state regulations, but was activated by what lawyers called a landmark decision in 1965 by the State Supreme Court in the case of *Shoppers World vs. the Assessors of Framingham*.

It was the custom through the years in Massachusetts to hit business properties for a full 1 per cent in taxes, but to shade this considerably for owners of private property. Communities were forced under the 1965 decision to revise their valuation practices. Some understandably lagged in complying, but there was more general observance in 1969.

This was when the golf courses started to feel the blow after being accorded what was probably favorable consideration for many years. As the impact was felt, Henry Wischusen, president of the Massachusetts Golf Assn., appointed a study committee.

Continued

The Menacing Property Tax

BY TOM FITZGERALD

PROPERTY TAX

Continued

As its head, he appointed the association's counsel, Andrew F. Bailey, who has obviously high qualifications not only as a specialist in tax law, but as co-author of a two-volume work entitled "Massachusetts Taxation." Bailey and his committee take a soberly objective view of the plight of the clubs as they marshall facts from club representatives.

"The assessors have no recourse in view of that 1965 decision," Bailey said. "They must impose valuation at maximum market price. However, there are some inequities in the application."

Although there are other similar cases, one instance cited is that of a club in Norfolk County whose golf property is divided between two towns. One town tripled the tax bill; the other raised it only by 10 per cent.

"There is something more disturbing," Bailey said. "Essentially, country clubs are being penalized unfairly in many places. In addition to the value of the golf course land, in relation to adjoining private properties, assessors are tacking on added valuation for improvements to the land with such things as putting greens and sand traps.

"I consider this hardly fair," he said, "because these features of a course would represent no value to a developer who is interested in the raw land and would plow them up in preparing his operations."

There will be a proposal on the November ballot in Massachusetts to provide special classifications in property taxation. Even the golf people privately are rather skeptical of its chances for success, because of the old business versus private property conflict.

If the proposal does pass, Bailey says that the golf association should stage an organized campaign to have a relieving classification for golf courses as community assets for a number of reasons, including the great advantage they present in providing a desirable "green belt in ever more thickly populated areas."

Essentially, the same reasoning is being developed by a study committee of the Province of Quebec Golf Assn. which is drawing up a bill to be presented to the legislative assembly of the province. As mentioned earlier, courses in the general vicinity of Montreal have been hit particularly hard by skyrocketing taxes.

The Quebec association proposes that any land used as a golf course and which has an acre of "more than sixty arpents or more, belonging to an association or corporation without pecuniary gains, having at least one hundred members or shareholders, shall not be taxed at a value of more than five hundred dollars an arpent." ("Arpent" is an old French unit of land measure, very close to an acre, still used in Quebec Province.)

The success of the legislative effort in Minnesota and the proceeding campaigns in Massachusetts and Quebec undoubtedly will be emulated in other areas.

If they do not meet with at least some success, competent golf authorities believe there could be an inevitable phase-out of private country clubs with championship courses within relatively easy access of major cities. □

Beleagured Ohio Courses Strike Back

Ohio's private and semi-private golf courses have also felt the tax squeeze, but in this case, it is more like strangulation, according to owners. Valuation for assessment of some courses in some counties of Ohio has doubled or tripled.

Real estate taxes in Ohio are collected under an 1803 law which evaluates property under "true value in money" and which instructs appraisers to evaluate at "highest and best use." The last statement has been corrected by the Ohio Supreme Court to read: "highest and probable use."

Private country clubs, as a result of the reappraisals, now being completed, have had to increase dues up to $100 per member per year to meet increased tax assessments. And owners of fee courses, open to the public, are going to have to raise daily fees.

Another area of contention is the lack of a set pattern for taxing. Whereas one club's taxes were reduced, another club will be taxed five times higher.

Heading the fight to hold taxes down is the Outdoor Recreation Assn., which has hired a counselor to represent them. In addition, a committee has met with Govenor Rhodes and Lt. Governor Brown to discuss the problem. There are plans to meet again, supposedly, after the governor has had time to research the land tax question.

All golf course owners in Ohio have been urged to join ORA to seek a solution to the problem.