

New bill would boost non-member income exemption for clubs

A new bill before the **House Ways and Means Committee** (amendment, HB11200) would raise the outside business which private and country clubs could do without losing their tax exempt status from 5 per cent to 15 per cent. Action had not been taken by the House at press time.

Representatives of the **National Club Assn.** have worked with the Internal Revenue Service to help them understand the club industry, and this proposed legislation is a result. Other provisions of the proposed bill include freeing up investment income, but making it taxable, denying the club to receive dividends from deductions and taxing reciprocal business.

The **Club Managers Assn. of America** endorses the bill, but according to an industry spokesman, another segment of the manager field, the **American Hotel and Motel Assn.** denounced the legislation as another "windfall" for the private and country clubs to syphon off bar and restaurant monies. Proponents hope that if the bill is acted on after the first of the year, it will become law early in 1972.

Club dues increases unfrozen

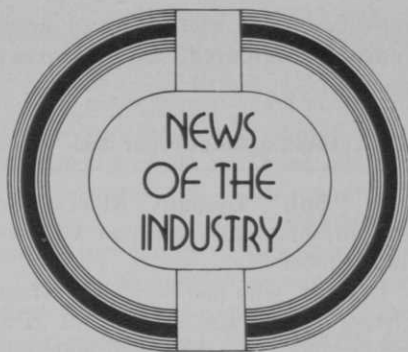
According to the **National Club Assn.**, the **Cost of Living Council** has now released dues paid to non-profit clubs from the price freeze. The decision, effective last November, was made by the CLC because dues and assessments on members of non-profit organizations are self-regulated and mutual, and they would not be subject to price controls.

Golf City drops class action suit; MacGregor, PGA-Victor settle

Golf City, Inc., has dropped the class action lawsuit filed in the U.S. District Court, New Orleans (see **GOLFDOM**, August, 1971, p. 52), against 14 golf equipment manufacturers. Civil litigation is still being pursued.

The class action lawsuit had been filed by Golf City "on behalf of all others similarly situated"—retailers trying to compete in the trade of commerce, but denied access to the manufacturers' pro-only equipment.

On the civil litigation side,



MacGregor/Brunswick and PGA-Victor have become the fourth and fifth golf equipment manufacturers to settle out of court and have been dismissed from the original lawsuit. A spokesman for Golf City conceded that the class action lawsuit was dropped in order to pave the way for negotiating a settlement with MacGregor and PGA-Victor. The District Court dismissed the suit on grounds of duplicity. It is felt that the pending proceedings of the civil action could be amended into a class action at any time in the proceedings. This does not mean that class action is dead said the spokesman, but would probably be filed again sometime in the future.

Golf City had also sought to have the now 11 golf equipment manufacturers and the Professional Golfers' Assn., defendants in the civil action, answer specific questions on advertising procedures, costs, sales and profits. Some of these questions were denied by the court and it was appealed by Golf City. The outcome of this appeal in District Court had not been decided at press time.

USGA rules changed and clarified

The **United States Golf Assn.** and the **Royal and Ancient Golf Club** of St. Andrews, Scotland, have made several rules changes and clarifications for 1972.

Effective January 1st, a player will no longer be penalized if his caddie rakes a bunker before he plays a shot from the hazard and *such action does not assist him*.

Another rule change concerns the form and face markings of clubs, in particular the high-lofted woods that are becoming popular. It has been ruled that any wooden-headed club with a 24-degree loft or more (usually the five through nine wood) must have the same face markings (area of face scored and width and spacing of

grooves) as the iron clubs.

Under Rule 32, drop zone clarified, casual water, ground under repair and a hole made by a burrowing animal, has been redrafted to give the player more leeway. Instead of getting a free drop "as near as possible" to the original position of the ball, the golfer will be permitted to drop within two club lengths of the nearest point on the margin of such areas.

In another rule clarification, in handicap competition, if a golfer plays from a higher handicap than his correct one, and is found out, he faces disqualification. If he plays to a lower one, the score or result of the match stands.

In a broadened status of a golf car shared by a competitor, if a player's ball is stopped by the car he is sharing with an opponent, he incurs a two-stroke penalty. If the car is being driven by his rival, however, the opponent incurs the penalty.

Toney Penna sold to ATO

Toney Penna Golf Company, Jupiter, Fla., has been sold by **Professional Golf Company** to **ATO, Inc.**, Cleveland, Ohio.

The cash sale to ATO, which had sales last year of \$360 million, will leave PGC with two pro shop lines, Arnold Palmer Golf Company and First Flight Golf Company. ATO is the parent company of Rawlings Sporting Goods Company, manufacturer of athletic sporting goods equipment and Adirondack Company, makers of baseball bats, hockey sticks and toboggans. In addition, ATO has its own golf ball manufacturing facility which produces the Blue Tee pro shop golf ball, plus golf balls under other labels. ATO also is involved in automatic sprinkler systems, heavy equipment and fire equipment.

An ATO spokesman said Toney Penna will continue as president of his company.

Wittek acquires International Recreation Products

Wittek Golf Range Supply Company has acquired **International Recreation Products, Inc.** Wittek, a primary source for range, golf course and miniature golf

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