

News

TRADE SHOWS

Headquarters master plan unveiled; buying activity highlights PGA show

Seen at the PGA Show (clockwise from lower left): President Padgett, developer Ecclestone, and Executive Secretary Cox admire new resort master plan; golf architect Tom Fazio explains location of the 81 golf holes; Lee Co.'s Charles Van Dyne and Bob Hornung at the GMDA breakfast meeting; GOLF BUSINESS founders Joe and Herb Graffis greeted visitors at the magazine's booth (photo courtesy Florida Golfweek); pro shop buyers got down to business at softgoods displays.

A major highlight of the 25th annual Merchandise Show put on by the Professional Golfers' Association of America actually took place away from the exhibits of playing equipment, apparel, and golf miscellany. While the nation's golf professionals roamed the exhibit area of Disney World's Contemporary Tower and the display rooms in the Contemporary North, a small group of men met with the press on the 15th floor of the Tower.

Developer E. Llwyd Ecclestone presented detailed plans for his 2,300-acre residential-recreational complex to be built in West Palm Beach that would include the PGA's new headquarters, championship golf courses, and other facilities.

The community would include

6,000 housing units surrounding 81 holes, and three of the golf courses would be used for professional tournaments and by vacationers. Homes surrounding the complex would be valued between \$45,000 and \$75,000, although one cluster would include homes worth about \$250,000. Plans also call for 325,000 square feet to be used as an office park, 360,000 square feet for light manufacturing plants, and 150,000 square feet for specialty shops.

PGA Executive Secretary Mark Cox told GOLF BUSINESS that officers have hired the architectural firm of Schwabb and Twitty, the same firm which designed the master plan, to draw up plans for the headquarters building. Cox said he did not know the estimated cost or size of the building, but

preliminary plans estimated the space at 50,000 square feet. Cox said the building would be paid for with funds contributed by PGA pros during their first 5 years of membership.

Although Ecclestone hopes to have the housing, two golf courses, and the convention center completed by 1980, it is uncertain where the PGA Merchandise Show would be held. David Patillo, marketing manager for the project, said the group is considering using an outdoor tent, and possibly an inflatable building which he said is often used for large gatherings in Europe.

Ecclestone also said that the U.S. Army Corps of Engineers officials in Miami Beach have assured him he will be granted a permit to build the project, which



lies in some areas considered wetlands.

He conceded privately, however, he fears the project could get bogged down if approval must be obtained by federal officials in Washington, D.C.

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At recent PGA Merchandise Shows, the big question seems to have been not "What's new?" as much as "How's business?", reflecting the somewhat uncertain state of the golf business. Fortunately, once one strips away the public relations hype and discounts the salemen's bravado, the answer in Disney World this year was "Pretty good."

The upswing in business seemed to be especially true at the show for those companies exhibiting softgoods lines. One Munsingwear representative told GOLF BUSINESS that he had sold 32 percent more golfwear than at last year's PGA show.

On the first day of exhibits, AMF Ben Hogan Co. seemed to be showing the general direction of the market by previewing the first line of ladies golf apparel in its history. According to Chuck Malitz, Hogan product manager for golf apparel, the line introduced at the show is just a "capsule collection of things to come" later this summer. The women's wear emphasizes what Malitz called the "traditional Hogan look of quality of classic elegance," represented by soft colors and luxurious fabrics.

Most of the softgoods exhibits were continuously crowded, and most companies said they were writing more business than last year — although Charles Van Dyne of H. D. Lee Co. thought that individual orders were not as large.

Most pros seemed well prepared for the PGA show and knew essentially what they were there for. Quin Sullivan, director of golf at the Springfield (Va.) Golf and Country Club, said, "I come here with a buying plan, so I know what we need and what we don't. I'll buy mostly softgoods.

"There are so many different kinds of golf clubs that people are getting confused."

Jim Roberts, head pro at Willow Springs Country Club in Wilson, N.C., told us, "I've done most of my buying already, but I did buy some softgoods. I come here looking for fill-in or third-line goods to be delivered in May."

Roberts commented on the length of time he had had to wait for service in the exhibit area of one large softgoods distributor. He felt that pros at the show were buying

about 75 percent softgoods and 25 percent equipment.

A PGA/Victor salesman said that he had written more business than at the previous year's show, but that more of it was hardgoods than softgoods. "The pros saw that November/December looked okay and decided to come to the show and order more clubs."

The show definitely was not wanting for equipment on display, including some new developments. Wilson, for example, had a room-within-a-room devoted solely to its new Reflex iron, which boasts a narrow slot behind the face to give a "trampoline" effect for longer distance.

Northwestern showcased the new Power-Kick shaft which is offered on its top eight or ten lines of clubs. Although developed by Northwestern, the shaft is made in England by Accles & Pollack. With its single large step about halfway down its length, the shaft looks somewhat strange — but is said to deliver distance without losing "head-feel."

There were other things to see at the PGA show besides pro shop merchandise, however. The major golf car companies exhibited their latest models, and three new cars were introduced: by Bogue, Davis 500, and Yamaha. The Bogue car is quite different from its predecessor; the one at the PGA display was just a prototype, but showed the main design features: a fiberglass body mounted on a fiberglass tubular frame, energy-absorbing bumpers, and overall simplicity of design. General Manager Brion Sabbatino told GOLF BUSINESS that Bogue hoped to have a complete working car ready for the GCSAA show in February.

Yamaha, of course, is well known for motorcycles and snowmobiles. Its golf car engine is actually a much-detuned version of a snowmobile powerplant; it's a two-cycle, single-cylinder engine with automatic oil injection, CDI electronic ignition, and "quiet-tuned" exhaust system. Product Manager Ron Frazier was busy at the show setting up distributorships for the Japanese-made Yamaha golf car, which he said would be ready for U.S. delivery in "late spring."

Merchandise Show Director Thomas Boyle said he was "pleasantly surprised" by the turnout for the show, considering the extremely bad weather in the north the weekend the show opened. Overall attendance was 9,611 — up more than 200 from last year — including 2,500+ golf

professionals. Asked for an overall impression of this year's show, Boyle replied, "I think we had a happier group of exhibitors and a happier group of visitors than ever before. We had no major complaints from anyone."

The 1979 PGA Merchandise Show will be held at Disney World under the same arrangements as the past few years, according to Boyle. The association signed a contract with the Disney organization at the end of this year's show, but the two groups are "still negotiating" terms for the 1980 show.

AMATEUR GOLF

USGA withdraws prize money rule

Responding to widespread protests from the Professional Golfers' Association, its members, amateur golf associations, and others, the United States Golf Association decided at its 84th Annual Meeting in San Francisco to "withdraw and reconsider" a portion of its revised Policy on Gambling with the observation that it was "widely misunderstood and misconstrued."

The portion being reconsidered is a new item 3 in the third paragraph of the Policy on page 75 of The Rules of Golf which allows an amateur to win up to \$350 in an event in which the golfers play for money they alone contribute.

Although the USGA contended that the revision was intended merely to clarify the distinction between playing for prize money, which violates the amateur code, and private wagering, which doesn't, it was widely construed as opening the door to cash prizes for amateurs and thereby dulling the sharp line which has divided amateur and professional golf. The PGA and its members felt this would undermine golf shop revenue from the traditional merchandise and trophy prizes for amateur events.

There was also the concern that the revised policy would lead to the organization of amateur golf events or tours with cash prizes, although an unpublicized new portion of the Policy specifically disapproves of amateur events which are organized to create cash prizes.

In fact, an amateur "tour" was organized and advertised in Florida, but had to be cancelled after the USGA's action on January 28. It was "The Nation's First AFC (Amateurs For Cash) Golf Tour"

organized by Dean Refram; former PGA Tour player who won the National Team Championship with Jim Colbert in 1976.

The "Tour" was to consist of an 18-hole tournament every Friday, beginning February 10, and offering \$4,000 in cash prizes from \$350 down to \$50 for both gross and net winners. Entry fee was to be \$40, plus \$50 in yearly dues. The event was scheduled for Saddlebrook Country Club, Wesley Chapel, Fla., of which Refram is proprietor.

Refram was reported to be considering suing the USGA to recover several thousand dollars he spent in advertising and promoting the "Tour."

The USGA stated that during the reconsideration of the withdrawn item 3 of the Policy on Gambling it will reaffirm that appropriate amateur prizes are merchandise and trophies worth not more than \$350 (up from \$250), and will further reaffirm its determination to "maintain the distinction between the amateur and the professional golfer—a distinction which is critical to the continuing vitality of the game of golf."

Its main problem during the reconsideration appears to be how to write a rule to cover, and be limited to, an event where the primary purpose is playing the game for its own sake, with the money pool only incidental to add to the enjoyment—a form of private wagering which would not affect amateur status.

Most club events, with prizes coming from entry fees, would seem to qualify for cash awards and could present a problem for the professional at some clubs, unless a clear rule is written. It was suggested by Tom Meeks of the USGA staff that rulings on cash awards be obtained in specific situations as did a Minnesota club in 1965.

The USGA gave a ruling at that time which seems to present a problem in the current situation and may have to be revised or withdrawn in the reconsideration. The USGA approved the awarding of cash prizes to winners of the club's two-man team leagues.

PGA President Donald E. Padgett, who appeared before the USGA's Executive Committee to present his organization's protest against the revised Policy on Gambling, told GOLF BUSINESS that the PGA—as well as amateurs and most people interested in the game—was pleased with the USGA's action, while recognizing

that the 1965 decision may still present a problem.

Herb Rose, president of the Middle Atlantic PGA Section, said, "I don't think it's a healthy situation for the overall good of golf when it is permissible to give cash prizes to amateurs under any circumstances."

COMPANIES

New distributor for custom clubs

T-Golf, Inc. is now the national distributor for King's Custom Made Golf Clubs, Inc., and is seeking sales representatives and regional managers, according to T-Golf President Thomas A. Elliott.

Sold through pro shops, Irving King's custom clubs are available in a full range of specifications. The heart of the line consists of solid persimmon woods and stainless steel irons.

Golf professionals interested in offering the clubs through their shops can contact Tom Elliott at P.O. Box 1082, Arvada, CO 80001 or King's Custom Made Golf Clubs at 4310 Broadway, P.O. Box 9235, Shreveport, LA 71109.

Three firms unite to make golf clubs

Power Track, Oscar Jones Custom Crest, and Mac Hunter's Auld Classic golf club lines have united to form a single corporate entity: Golf Design and Manufacturing, Inc.

Each division will continue its own unique design concepts and will market through golf professionals only. A company spokesman stated, "With a growing emphasis on gimmicks and wonder clubs, Golf Design and Manufacturing has chosen the path of solid, proven design and contemporary manufacturing methods."

New corporate headquarters are at 10869 Portal Dr., Los Alamitos, CA 90720 (phone 714/995-3612 or 213/430-3586).

LEGAL ACTION

Exempt players suit set for mid-March

A court hearing in Houston will be set sometime around mid-March for 13 PGA Tour players who are

asking a state district court to restore their lifetime playing exemptions on the national tournament tour.

The hearing on a request for a temporary injunction asks Judge John Smith to declare invalid a decision by the PGA Tour's tournament policy board to do away with exemptions for former U.S. Open and PGA national champions who won their titles before 1970. The players include Dave Marr, Bob Rosburg and Jack Burke.

The 13 players say they were given a lifetime right to compete in any tour event. Beginning in 1970, winners of the two major championships were given 10-year exemptions.

The PGA Tour policy board, however, recently decided that these players must win a specific amount of money each year based on the number of tournaments they enter to keep their exemptions. A former champion playing in 15 or more tournaments would have to win at least \$10,000. Those playing in less than 15 tournaments would be judged on a prorated basis; for example, a player entering five tournaments would have to win at least \$3,333. Any player could also enter a tournament if they are invited by the sponsor.

There would be an annual review of the former champions' performance each year, beginning at the end of 1978.

PGA Tour tournament policy board chairman Lewis A. Lapham, a retired New York City banker, issued a statement January 23 saying that to continue the lifetime exemptions "to individuals because of their performance more than 10 years ago would often deny the opportunity to play to more qualified players. Consequently, it is the opinion of the board that an exemption which applies to all tournaments is unlimited in duration and has no relationship to current ability and is not reasonable."

The board pointed out that six of the 13 players collectively participated in 111 tour events in 1977, winning only \$4,531.

The decision to place performance standards on the former champions was a unanimous decision by the 10-man tournament policy board, said Joe Schwendeman, public relations director for the PGA Tour office. The board members include four tour players (Hubert Green, Hale Irwin, Ed Sneed, and Joe Porter) and the three officers of the Professional Golfers' Association (President Don Padgett, Secretary



The Ohio Turfgrass Foundation presented two professional Excellence Awards at its annual conference. (L to R above) Former OTF president Charlie Tadge presented award to Bill Burdick, Canterbury CC superintendent. Jack Hart, super at NCR Country Club, received his from Jim FitzGibbon.

GOVERNMENT

Proposed tax reform jeopardizes clubs

An intensive lobbying effort has been launched in Washington to defeat President Carter's tax reform proposals which would limit or eliminate the deduction of business meals, club dues, and certain entertainment expenses as business deductions for federal income tax purposes.

Representatives of various organizations in or allied to the so-called hospitality industry are meeting to coordinate their efforts, develop useful data, and generate effective opposition to the President's objectives, which have been labeled "devastating" and a death threat to many clubs, restaurants, and others affected.

The President proposed \$33.9 billion in tax cuts, including \$8.4 billion for business. At the same time, he asked for increased taxes of \$9.4 billion in revenue-raising reforms, which would result in a net tax cut of \$24.5 billion.

Part of the \$9.4 billion increase would come from \$1.2 billion which would be raised by restrictions imposed on what the Carter Administration calls "entertainment expenses." It would disallow any business expense deductions for club dues, yachts, hunting lodges, and tickets to theater and sports events, and would allow deduction of only half the cost of business meals.

Organizations which would be adversely affected by such action were quick to react, citing particularly the potential loss of jobs, loss of sales tax revenues by cities and states, and business or club failures.

They are banding together to fight together. Attending a breakfast strategy session arranged by the American Hotel & Motel

Frank Cardi, and Treasurer Joe Black). Schwendeman said the policy change idea "came up through the board," and was not proposed by Commissioner Deane Beman.

The 13 players will be represented by John L. McConn, Jr., a Houston attorney. The PGA Tour's lawyers will be Peter Wallison and John Barron, who work for the Washington, D.C., law firm of Rogers and Wells.

ASSOCIATIONS

Three seminars scheduled by NCA

A seminar on appraising property taxes for golf clubs, two one-day sessions on club law and administration, and two on financial controls have been scheduled by the National Club Association.

The property tax seminar will teach club officials to analyze methods for appraising their clubs, how to relate their arguments to the tax assessor, and the benefits and disadvantages of open space laws.

The law and administration seminars will include information about tax regulations for exempt clubs, admissions policies, and wage-hour law.

The appraisal seminar will be held April 3 in Washington, D.C. Those on club law will be April 10 in Charlotte, N.C., and May 22 in Chicago. The financial controls sessions will be May 8 in Atlanta and May 23 in Chicago.

Each seminar is from 9:30 a.m. to 4:30 p.m. The cost is \$100 for NCA members and \$150 for nonmembers. Registration forms can be obtained from club headquarters at 1129 20th St. NW., Suite 602, Washington, D.C. 20036.

Association in Washington were representatives of the National Club Association, Club Managers Association of America, National League of Cities, International Association of Convention Bureaus, American Express Co., American Society of Travel Agents, Discover America Travel Organization, National Restaurant Association, National Small Business Association, United Airlines, Hilton Hotels Corp., Distilled Spirits Council, Nevada Resort Association, Air Transport Association, National Football League, and the Commissioner of Organized Baseball.

Thomas J. Lennon, president of The Homestead, Hot Springs, Va., and chairman of the AHMA Governmental Affairs Committee, admonished the group that the only way they could win the battle was to get their members—the businessmen—to contact their representatives in Congress and impress them with the seriousness of the tax proposals as they affect their business.

"We have no strings to pull," he said.

It was generally agreed that the crackdown on business meals and



Speaking out on the tax reform proposals was Homestead President Thomas Lennon — AHMA "resort executive of 1977" and Penn State's "outstanding hotel man of the year."

entertainment was an emotional issue on which the affected industries could not expect much public support.

The effort will concentrate, therefore, on developing facts and figures which will impress members of Congress in industry's favor.

Alerts and questionnaires have been sent to members of the hotel/motel, clubs, restaurant, and other associations seeking relevant

information on jobs and business impact of the President's proposals, and urging them to talk to their Congressman and Senators.

Meetings have been held with the chairmen and members of the Congressional committees which will consider the tax proposals—House Ways & Means and Senate Finance.

AHMA has asked to testify before the House committee in March. Its witness is expected to be Howard James, president of Sheraton Corp. Other organizations will also testify or present written statements.

AHMA has commissioned the accounting firm of Laventhol & Horwath to make a three-part study of the impact of the President's proposals on tax-deductible business spending in hotels.

There is a general feeling among the associations affected that the President's proposals will be diluted, and that he may lose on the business-meal issue. At the same time, leaders in Congress have indicated that they are inclined to do "something," which has led to fears among the others as to which might be the target.

A sampling of some of the information association leaders are suggesting their members pass on to their Congressman and Senators:

- Business meals account for an estimated \$7.6 billion, or almost 10 percent, of gross restaurant business. They generate \$319.5 million in sales tax revenues, according to NRA.

- About 443,700 jobs—filled mostly by minorities, women, and teenagers—would be jeopardized, says NRA, adding that one-third of all teenage jobs are in restaurants.

- Club revenue losses would range from 15 to 30 percent, forcing hundreds of clubs which do not operate for profit to close. The operation of one-fourth of the clubs would be needlessly impaired and as many as 20,000 full-time workers could lose their jobs, according to NCA.

A point stressed by NCA is that existing Treasury Regulations prescribe stringent substantiation that a business expense is reasonable and necessary, to be deductible, and that better audit enforcement is a better solution than disallowance. — *Joseph Gambatese*

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