

THE VALUE ADDED TAX

by WILLIAM LOOMIS

WASHINGTON, D.C.—Everybody involved in the golf business should get a working knowledge of a newly conceived Federal tax as fast as possible. It has been designated the Value Added Tax (VAT). Golf industry officials will be hearing a lot more about it in the next few years regardless of the election results in November.

The new tax program would do much to overcome the hostility that has grown up in the country in recent years over the use of property taxes to finance schools and other local governmental expenses. Last year, more than half the attempts by local governments to raise funds by new bond offerings backed by higher property taxes failed. Now, Federal tax experts are searching for some new plan to raise revenues on an additional basis for local distribution. There are no assurances that the VAT, if it is eventually instituted, will lower property taxes. The consensus is that it will slow the acceleration and perhaps stabilize property taxes for both residential and recreational lands.

If you think VAT has little to do with your business, you'd better think again and get a working knowledge of the VAT proposal. Top tax experts in Washington

Talk has centered around a new tax concept: the Value Added Tax. Its affect on the golf industry is discussed along with interest rates

say that within a few years the tax system may be adopted.

Actually VAT has been used in Europe for a while. Essentially, it is a general Federal sales tax that is slapped on goods at every level of production and distribution. It is a tax on the difference between what a firm pays for what it buys and what it sells its product for. Let's look at how it works based on a VAT tax of 11 per cent at various steps in the production and distribution chain.

A golf clothing manufacturer pays \$20 for the fabric needed to turn out a specific garment. He pays another \$5 for other finishing materials.

Under VAT, the manufacturer, using the 11 per cent tax, adds \$2.20 for the cost of the fabric and 55 cents

for the cost of other materials. At this point, the manufacturer of the garment has a cost of \$27.75, rather than the \$25, without VAT.

Now on to labor costs and other expenses, and the profit the manufacturer expects to make. Let's say that comes to a total of \$15. The manufacturer adds the 11 per cent tax to the \$15 as well, or \$1.65. The wholesale tag on the garment now is \$44.40 including the \$4.40 VAT, rather than the \$40 the manufacturer would charge the wholesaler today.

If there is a wholesaler involved, he would be the next link in this chain of escalating Federal tax charges. Assume the wholesaler's operating costs, handling and profit require him to raise the garment's price tag to \$10. The wholesaler must pay the Federal government the 11 per cent VAT, or \$1.10 for this markup. This means that the \$44.40 garment he got from the manufacturer is going to cost the golf professional \$55.50.

The professional also marks up the garment another \$10 to meet his expenses and make a profit. The professional must pay the Government \$1.10 on the value he "added" to the garment's price. The cost of the garment to the golfer customer of the golf shop is \$66.60;

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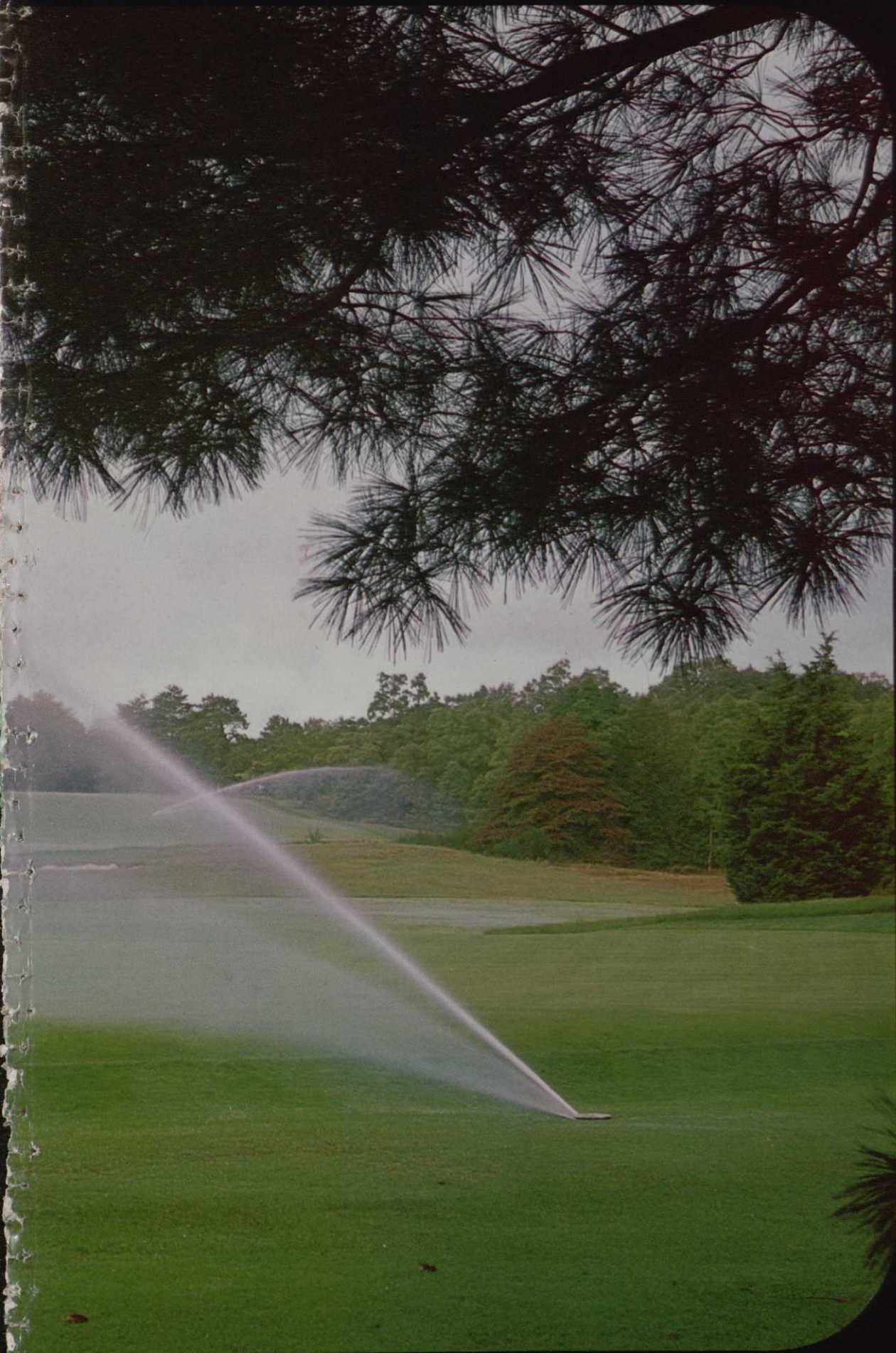
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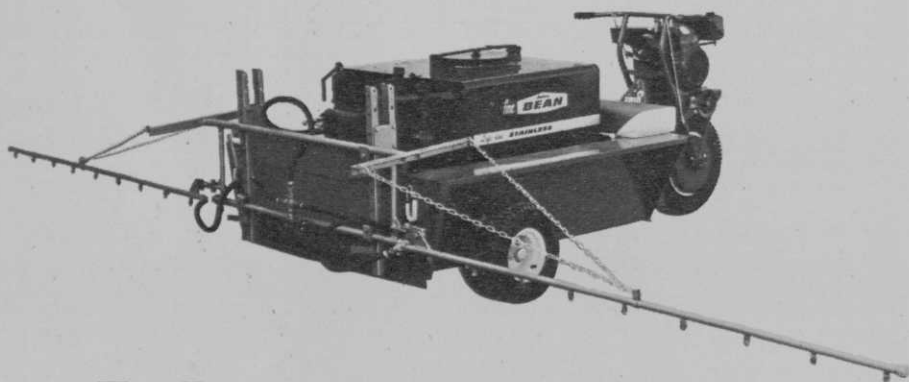
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\$6.60 of that total is VAT. The tax alone is more than 20 per cent of the cost of the manufacturer's fabric and other materials. This example is essentially the same for the club manager and his food and beverage costs and the superintendent and his equipment costs. The superintendent, however, is the final step or chain in the VAT.

Also bear this in mind. If VAT becomes law, the bookkeeping isn't going to be simple. In fact, the example above is an oversimplification of how each manufacturer, wholesaler and golf professional is going to have to value material, labor, profit and other costs. And you can be sure, records are going to have to be kept very carefully to satisfy Federal tax collectors.

In the end, it means that the customer or golfer buying the garment is going to foot the bill for VAT and the costs of handling it.

Another matter of increasing interest in Washington, and of more immediate importance than VAT, is the feeling that interest rates, especially charges for short-term borrowing, are about to start moving upward again.

Some investment analysts are now saying that short term credit will increase 20 to 30 per cent above last year's \$38 billion. It will be wise for businessmen to watch closely the speed with which the big corporations begin increasing their borrowing from the low levels that have occurred while the economy was in a slump. Corporations began to pick up their borrowing rate in February.

An important note for the golf business: Most analysts expect the record high level of savings to begin slipping. This means that consumers will be spending more. For the golf industry, this could mean more action in the golf shops. Also, a rise in interest rates should not be treated pessimistically. The rates will only rise when banks and the Federal Reserve begin to react to a major upsurge in business. If confidence can be restored and consumers start spending again, many observers believe the country will go on another spending binge, like that in the late 1960s, regardless of what the credit situation may be. □



by JERRY A. OLSON
ASSOCIATE EDITOR

GOLF REACHES OUT

Golf is providing personal pleasure and therapeutic benefits for some mentally and physically handicapped youngsters. But equipment and facilities are needed. The total golf industry must respond to fill this void and bring the game out from the fenced boundaries of its courses to make community relations more than just lip service.

Public School 31 in Jersey City, N.J., has developed a golfing program that affords its mentally and physically handicapped students an opportunity to embrace the rudiments of golf. The primitive facilities inside its auditorium consist of a worn-out brush tee, a few

Handicaps in golf put everyone on an equal basis. But handicaps in life create second-class citizens. Golf is now being used to bring handicapped youngsters out of the darkness and into the light

plastic balls, heavy men's clubs and a carpet that substitutes as a putting green.

Although the facilities are meager, the enthusiasm and determination which nearly 160 handi-

capped children have shown toward learning golf is evidence of their will to glimpse at and become a part of the other side of the fence—to be accepted by society.

The effort at PS 31 was the brainchild of Joseph Olgin, principal, and Louis Aragona, instructor and long-time low handicap golfer. PS 31's programs are one answer to "The Snake Pit." Society, then, has created the barriers through its attitudes and apathy. Society has shunted the handicapped into cages and never given them viable alternatives, a chance to choose better ways to live. Custodial confinement has been a financial and

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emotional drain on parents, the states and the nation. PS 31 believes, as do other humane centers, that the mentally and physically retarded are trainable and can become productive participants in society.

PS 31 has a workshop that is training mentally and physically handicapped students—some 160 of them, ages 5 to 21—to earn a living. “We are trying to bring them out into society,” Olgin says. “The programs here, such as the workshop and music and art, along with a full program in physical education—especially golf—is emphasizing the social amenities. We are attempting to teach them how to accept and be productive within their limitations. Society has ruined their egos. The children, aware they are viewed as burdens by society, are rejected, resented and ridiculed. We found that golf was an avenue to broaden their lives.”

“These children are teachable and reachable,” emphasizes Aragona. “We give them an opportunity to enjoy a basic introduction into the fundamentals of golf, putting and chipping, and we have seen tremendous and significant changes in their attitudes toward life. Golf has given them a will to live and compete.” Aragona, who has

been a teacher for 43 years, says golf has taken these children out from under the rug, with which society stifled them. For the physically and mentally handicapped youngster, the time after school is dark and dreary. Perhaps the “normal” brothers, sisters or friends either ridiculed or ignored the handicapped child. “Golf has enabled him to get a little joy out of life. This type of child can do a monotonous task endlessly,” Aragona says. In fact, the school has now found it difficult to get the children to come to lunch—they want to continue practicing their putting.

“And,” Olgin points out, “They are not under pressure to reach a certain level. Each proceeds at his own pace. These children set goals in life just like everyone else,” Olgin says. “They must be obtainable or the child will become frustrated.”

“An example of the self-confidence which golf gives these students occurred with a child who had a speech problem—he was a stutterer,” Olgin says. “As he became more and more proficient in golf, putting and chipping, it gave him an avenue to express himself. We have seen marked improvement in his speech.”

Vic Pedrola, head professional at Massacre Canyon Inn, Gilman Hot Springs, Calif., is one professional who has responded to the needs of the physically and mentally handicapped. Pedrola staged

PS 31's teachers in action: Principal Joseph Olgin, preceding page, and Louis Aragona, this page.



a golf clinic for the handicapped children of San Bernadino and Riverside Counties. The golf clinic, co-sponsored with the Easter Seal Society, hosted some 30 youngsters. Pedrola, in addition to discussing the game of golf and hitting some trick shots, offered a free golf clinic for six lessons at Mas-sacre Canyon Inn's 27-hole golf course.

Walter Goodwin, volunteer director of public relations for the Easter Seal Society's Imperial and Riverside Counties, aided in setting up the program. Goodwin himself was crippled and on crutches during the 1940s. "Sam Snead, head professional at The Greenbriar, worked with many disabled war veterans and handicapped persons," says Goodwin. "He used to take us out on the putting green, some of the people were in wheelchairs." Goodwin was able to play golf on crutches and shoot in the 80s.

A major rehabilitation center is being planned for the Riverside area. One of the proposed projects is a three-hole golf course where wheelchair patients and other handicapped persons can get the feel of the club and begin a program for rehabilitation.

"People such as Ben Hogan and the late Bobby Jones were able to overcome their handicaps and contribute not only to golf, but to life," Goodwin says. "Golf facilities and professionals should make their

driving ranges and services available at slow or slack times so it won't interfere with normal operations," Goodwin believes.

One of the most progressive efforts being made at incorporating golf into the lives of the handicapped is at the Vocational Development Center for the Handicapped in Akron, Ohio. Joe Spoonster Sr., founder and executive director of the center, is a former PGA professional. In the last 30 years, he estimates he has taught golf to some 3,000 mentally and physically handicapped persons.

He is the founder of the Rubber City Amputee Open which is in its 13th year.

The rehabilitation program at the center has physically and mentally handicapped persons manufacturing golf equipment. An indoor putting range marketed under the name of Putto, and a Palmstroke putter and special putter grip are produced exclusively by the handicapped workers for the public. "Handicapped does not mean without ability," Spoonster says. "The public must give them a chance."

Giving Spoonster and his students a chance is Andy Ellebruch, owner of the Westlawn Golf Range in Akron. Ellebruch has allowed the handicapped students, when accompanied by Spoonster, free use of the driving range facilities. "They never come during the busy time and have never interfered with business," Ellebruch says.

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HOW YOU CAN HELP

With tax monies as tight as they are, schools aimed at helping the mentally and physically handicapped cannot justify using tax funds for golf equipment, regardless of any benefits. This is why the industry itself must respond.

Golf has long lived under the mantle of snobbery and elitism. As increasing pressures are brought to bear on golf—Federal and civil lawsuits, racial and social discrimination charges—GOLFDOM has always advocated the golf industry's involvement in community relations programs. Here is an opportunity for the industry to answer a real need.

Golf clubs, especially children's sets and left-handed clubs, putters and chippers, practice mats and nets, plastic and solid golf balls, artificial putting accessories, such as putting cups, are needed. Golf professionals have a myriad of old and used clubs, balls and mats just lying around.

Schools and facilities, such as PS 31, need the moral and equipment support the golf industry can provide on a local or national basis. There is no glamour or fanfare. But then you shouldn't be looking for any. But wholehearted efforts and responses can, and will, ultimately change the image that nongolfers have of golf, if the club is working for the betterment of the community.

Section Professional Golfers' Assn. of America officials and members and local golf equipment salesmen should continually be on the alert for ways to help handicapped children. Club members should also be encouraged to donate equipment or participate in local efforts to help handicapped children.

For reprints of this article for your club, or for more information on how you can help, contact GOLFDOM, 235 East 45th Street, New York, N.Y. 10017.



"It's very rewarding for me just to be involved in a small way in aiding in their rehabilitation."

Olgin and Aragona sum up the contribution golf can make to the physically and mentally handicapped: "So little means so much to them." Society must learn to grow with them. According to Olgin, less than 5 per cent of the physically and mentally handicapped youngsters are unable to care for themselves. But, because of the current emphasis on confinement instead of rehabilitation, society has rendered 95 per cent of them helpless. According to national figures, one in every five families have, or can expect to have, a handicapped person in their family during their lifetime.

"If a golf professional is a professional," Aragona says, "then he is because he cares for others. If he's teaching, he has to become a part of the golfer so that he can teach him how to get the most out of golf with his physical abilities. That's all we're asking for the handicapped. Don't wait for tomorrow." □

GROWTH

Golf reaches Out With The Handicapped (GROWTH) is a project being initiated by GOLFDOM and its sister publication GOLF MAGAZINE, to aid clubs, professionals, superintendents, managers and manufacturers in conducting programs for mentally and physically handicapped children and adults.

There is so much that can be done that does not require money or inconvenience—only compassion to help those less fortunate. This is not charity, rather it is providing the handicapped with the opportunities afforded the so-called normal person. Helping the handicapped is an investment in the future. Not only does rehabilitation enable them to become productive members of society, but they become tax payers, not tax burdens.

And, it's not just children. According to the President's Committee on Employment of the Handicapped, to date over one-quarter million Vietnam veterans have been disabled through amputation or other handicaps. To have golf available to them greatly aids in their rehabilitation.

GOLF MAGAZINE's and GOLFDOM's initial thrust will be toward obtaining equipment for PS 31. Golf equipment manufacturers will be contacted by our advertising salesman to obtain golf equipment to expand the program at the school.

GOLF MAGAZINE and GOLFDOM have also accumulated a list of national and local mental and physical rehabilitation centers in your areas that would welcome cooperation from the golf industry. Persons interested in helping should contact GROWTH, GOLFDOM Magazine, 235 East 45th Street, New York, N.Y. 10017.

And drop us a line when you do work with the handicapped and we will pass it along to our other readers.

ROBERT J. ABRAMSON
ASSOCIATE PUBLISHER

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