

Federal Tax Burden on Outdoor Recreation

Prompt Action Urged Toward Endeavoring To Obtain Repeal of Harmful and Unjust Federal Tax on Dues and Initiation Fees in Golf Clubs

TO MEMBERS OF THE UNITED STATES GOLF ASSOCIATION,
SECTIONAL, STATE AND DISTRICT GOLF ASSOCIATIONS:

The Federal Revenue Act of 1928 continued in effect the war tax of 10 per cent on dues and initiation fees to social, athletic and sporting clubs and added a new war tax which had not theretofore been in force, to wit, a tax equal to 10 per cent of any amount paid as the purchase price of shares of stock, bonds or other securities, ownership of which is a condition precedent to membership, *irrespective of the person to whom the payment is made*. Thus, if a golf club is organized and financed by the sale of shares of stock to the members a tax of 10 per cent of the cost of these shares must be paid to the Federal Government. If, as is usual, ownership of a share of stock is required in order to qualify for membership, then when a resigning member sells his stock to an incoming member the latter must again pay to the Federal Government 10 per cent of the purchase price as a tax. It follows that if a complete turn-over in club memberships occurs in ten years the Federal Government will have received in that space of time taxes equal in amount to the total cost of buying and building the club properties. This feature of the act is particularly oppressive and burdensome. Moreover the statute results in discrimination between old clubs which have completed their permanent financing before the tax was put in effect and new clubs being presently formed and which have not completed their financing. Instances of hardship resulting from the added tax which have come to the attention of the United States Golf Association are, for example, a club which assessed each of the members to pay off its capital indebtedness secured by a mortgage. A tax of 10 per cent had to be paid on this assessment. In another case a club had sold \$50,000 of 5 per cent bonds for the construction of a course and club house. 250 members paid dues of \$100 each upon which the Federal tax is \$2,500, the exact amount of the bond interest. In 1929, the club defaulted on its bond interest which it could have paid had it not been for the tax. This default resulted in serious injury to the club's credit. Instances of this kind can doubtless be multiplied and the Association requests it be advised of further cases where hardship has resulted from the imposition of the tax.

It is the belief of the executive committee of the United States Golf Association that the entire tax on athletic and sporting clubs is fundamentally wrong in principle and that it would be a better policy on the part of the Government to promote rather than to tax health-giving outdoor sports. The old objection to the removal of this tax, that golf is a rich man's game, would certainly not be advanced at this time by anyone at all familiar with the development of golf in this country.

At the last regular Congress when the revenue act was under consideration, the Association endeavored to secure the elimination of this tax on dues and initiation fees. The chairman of the finance committee of the Senate and other members of that committee were consulted and letters were sent to certain senators and representatives urging favorable action. These efforts at one time promised success, but in the end the tax was continued with the added burden referred to above. This is sent in the hope of obtaining the cooperation of all member clubs of the United States Golf Association and of sectional, state, and district golf associations in urging their representatives and senators to bring about a repeal of this tax, and this Association earnestly urges that each such club and association and the members thereof use every effort toward this end by sending letters and telegrams urging the repeal of the act at the coming session of Congress. As Congress convenes on December 2, prompt action is essential. The Association would greatly appreciate receiving copies of all such letters and telegrams so sent and any replies that may be received.

UNITED STATES GOLF ASSOCIATION,
PRESCOTT S. BUSH, *Secretary*.

In our century science is the soul of the prosperity of nations and the living source of all progress. Undoubtedly, the tiring daily discussions of politics that seem to be our guide are empty appearances. What really leads us forward are a few scientific discoveries and their applications.

Louis Pasteur