

CALIFORNIA PIONEERS IN TAX RELIEF EFFORT

By

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The significance of teamwork in helping to pass Proposition 6, a piece of legislation meaningful to all courses in heavily-taxed areas.

It is necessary to look at the background of Proposition 6 and think about it before the full significance of Proposition 6 can be appreciated. That background is the growth of the United States.

When golf was established under the apple tree in Yonkers, N. Y., in 1888 anyone who might have suggested that taxation would eventually jeopardize the golf course would have been suspected of letting go of the handlebars completely. The availability of land was no problem then. The big problem was transportation. Later, many golf courses were built close to the centers of the cities.

Except among those whose business it is to know about it, there is a general ignorance of the fact that assessors are bound by state constitutions to assess the land at its actual market value according to its best and highest possible use. We see examples of the application of that principle every day. The elderly widow who wants to live out her days in the family homestead is forced to give it up because she can't pay the kind of taxes paid by the motels surrounding her house. It is condemned. She receives a handsome price for it. The old homestead is now a motel parking lot, and were her hard-bargaining husband still here he would have sold it long ago for twice the price.

Widow Brown Can Move

The solution to Widow Brown's problem, aside from the sentimental, is simple. She moves to a quiet suburb and thrills to the quiet and sound of birds which she had forgotten still existed. But, what about the golf course? In spite of the feeling that the golf course could somehow take umbrage from the assessment formula, it was simply a matter of time and the inexorable pressure of our population on the land before that



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formula must inevitably be applied. Applied it was, in Canada, and across the United States to the Mexican Border.

Vanishing Landscape

Widow Brown needed only a 50 x 100 lot for her move. But the golf course needs over 120 acres. In some sections of the country it was possible, and still is, to relocate some of the golf courses. In the greater metropolitan areas relocation is beyond the realm of imagination. A paradox exists where the so-called recreation counties have the land and not the money to develop recreational facilities while metropolitan counties have the money and the land is absolutely not available. Golf courses have been built as a result of the paradox on reclaimed

tidelands and garbage dumps at staggering costs. Vanishing recreational lands within fifteen minutes (not by jet) of our urban centers is an acute problem in our urban civilization. What has all this to do with Proposition 6? California golf courses in metropolitan areas were doomed to be part of the vanishing landscape via taxation.

The reason for Proposition 6 is found in an amendment to the California Revenue and Taxation Code in 1957. Senate Bill 1637 was introduced by Alan Pattee of Salinas in 1957 when golf courses in San Mateo County received increases in their assessed valuations up to 612%. The Bill instructed the assessor to consider only the use factors in assessing land which was zoned and used exclusively either for recreational or agricultural purposes and where there was little likelihood that the zoning would be changed or modified. We overlook a great amount of work when we state simply that the measure passed by the necessary two-thirds of both houses. It must be made clear, that everything which has been done in tax legislative matters was done with an acute appreciation of the difficult position occupied by our taxing authorities. Various legal opinions were rendered on Senate Bill 1637, but its Constitutionality was never tested in the courts.

When it became apparent that the assessors were not going to be bound by the Revenue and Taxation Code and when counsel advised of the cost and futility of attempting to test Senate Bill 1637 there was no alternative but to try to amend the Constitution.

Amendment Introduced

Alan Pattee introduced Assembly Constitutional Amendment 29. It read: In assessing real property consisting of one parcel of ten acres or more and used exclusively for nonprofit recreation purposes for at least two successive years prior to the assessment, the assessor shall consider no factors other than those relative to such use. He may, however, take into consideration the existence of any mines, minerals and quarries in the property, including, but not limited to oil, gas and other hydrocarbon substances.

The Bill had to pass by a two-thirds majority of both Houses before it could be placed on the ballot. One Senator in-

sisted that the word "recreation" be changed to "golf course purposes," and that's the way it went on the ballot. If getting on the ballot appeared to be a monumental task the problem of getting ACA 29 passed by the people was something to be contemplated. The consensus was overwhelmingly against. Everyone with any political acumen predicted the bill would never make it. In the language of the touring golfer they gave it two chances, slim and none at all. Assembly Constitutional Amendment 29 became Proposition 6.

The negative argument written in the official voter instruction on the propositions stated that the measure was obviously class legislation and should not have been put on the ballot in the first place. It claimed tax discrimination against the many for the benefit of the few. It suggested that the courses could grant scenic easements and other encumbrances and receive tax relief. It contended that additional millions of tax would have to be paid by all tax payers unless the golf courses were taxed on their actual market value.

Surrounding Land Enhanced

The affirmative side pointed out that the golf courses produce more tax revenue by enhancing the surrounding land than they would by being subdivided. A meeting was held recently by the San Francisco Supervisors Public Buildings and Land Committee to hear arguments relative to the residential use or recreational use of Fort Funston in San Francisco soon to be released by the Government. A San Francisco business man said at the meeting, "One of the greatest fictions fostered by public officials is that putting residential property on the tax rolls means a gain in net revenue." He said that, according to estimates from the Assessor's office, \$500,000 in potential tax revenue from home sites on Fort Funston would be offset by \$900,000 to build a school plus \$250,000 a year to staff and maintain the school; the city would have to build a fire station at \$250,000 and maintain it; it would have to provide sewers, hydrants and an expensive array of other public works and services.

The affirmative side based arguments on the benefits accruing to the community

in the form of tourist revenue, business revenue growing out of tournaments, open spaces and green belts, employment for many, recreation for schools, police, firemen and clergy all provided at no cost to the taxpayer. Not to be overlooked were the TAXES paid by the courses which in turn are subject to the 20% Federal Tax.

Every major newspaper in California endorsed Proposition 6. The few local papers which came out against it agreed upon the benefits to the community but feared that the law would allow land speculators to hold land for profit as a golf course. The existence of the golf courses through boom and depression is evidence of good faith on the part of their memberships to keep them as golf courses rather than as potential subdivisions.

Public Links Support

Public links golfers supported Proposition 6 to prevent further pressure on already overcrowded public courses. For example in Sacramento, for the privilege of getting in line in the wee hours of a Tuesday morning at the Park and Recreation Office to sign up for a starting time for the following weekend the golfer must qualify as a resident of the city, or be licensed to do business in the city or be a property owner in the city. County residents who may live right across the road from the golf course must wait until the sign up sheets are sent to the golf course after 2:00 P. M. each Tuesday to secure a starting time from those times left. Those restrictions were established in spite of the opening of two new country clubs whose memberships are almost entirely comprised of golfers from the Sacramento Municipal Courses.

The campaign for the passage of Proposition 6 was directed by two public relations firms—one in Northern and the other in Southern California. The ratification of Proposition 6 by a majority of one million, one hundred thousand voters in California demonstrates what can be accomplished by small groups of people banded together for a common purpose. The people who contributed financially to the success of Proposition 6 and those who worked day and night in turning out the vote should be commended for a job well done. It would be a mistake, how-

ever, to crow over so-called victory. The success of the measure should be approached with humility. There are many reasons from a political standpoint why the measure passed, and they are not covered in the civics books. There is still much work to be done to implement the legislation.

Taxes Overlooked

Now, what is the significance of Proposition 6? The fact that the golf clubs have been paying large sums in taxes has been generally overlooked except by those paying them. The taxes on one Southern California course are \$12,000 per month. In order to pay the taxes the club must collect an additional \$2,400 or 20% from the membership in Federal Tax because all dues are subject to that tax. The golf courses are paying those taxes while relieving the community and county of providing like facilities at public expense. Hundreds of families are budgeting their entire recreation dollar for a membership in modest golf clubs because public facilities are either inadequate or nonexistent. Surveys in some counties showed recreational facilities to be about 30% adequate. Nonprofit golf courses were included in the surveys. One Bay Area golf course is used by golf teams from five schools and two colleges without charge.

So-called profit golf courses are not covered by the measure. The golf course in Hayward, California is a perfect example. There is no other course in Hayward. It was built by three hundred small stockholders for \$116,450. It is an excellent test of golf. Many of the stockholders bought stock out of civic pride. A nearby community raised \$750,000 on a bond issue for an eighteen hole course and ran out of money before it was completed. For the first six years of operation the Hayward stockholders received no income from their investment. The taxes on the course have jumped from \$1,400 in 1954 to \$14,000 in 1960—the reason for no dividends. The course has a fifteen year lease with an option to renew for another fifteen years and then an option to buy at the then appraised value of the land. The lease has already run ten years. Small parcels of land in the vicinity of the course have sold for as much as \$40,000 per acre. It seems un-

likely that the course could be purchased at the end of another twenty years at a price which would enable the stockholders to exercise the option to buy and maintain it as a golf course. It is not likely that the city of Hayward could raise the money to buy the course at that time. Unless the course receives some consideration under Proposition 6 it will probably be driven out of business by taxes before the end of its lease.

What about the non-profit golf courses? Legal opinion rendered to us points out that taxing authorities have suggested that golf courses take advantage of laws permitting the granting of scenic and view easements. That legislation was not designed for parcels such as golf courses. According to its author it was designed for large view areas, coastal and otherwise, and carries with it a provision for public use. Land so encumbered could invite condemnation.

Possible Effects on Assessments

Informal legal comment holds that it is not yet known whether Proposition 6 will result in any decreases in present assessments. It carried the feeling that the legislation removed any justification for the assessor to increase the assessment on golf courses which has been done in the past on the basis that the value of surrounding properties had increased. It further held that this argument on the part of the assessor would no longer be valid, if the golf course was still a golf course.

Legal opinion anticipates that assessors will be asking the State Board of Equalization for guidance in interpreting and applying this new legislation and that city attorneys and district attorneys will be seeking the guidance of the Attorney General on behalf of the assessor in this connection. And, since we have no right to tell any assessor how he should apply a particular statute, we can only watch and wait.

Designed as an Implement

Someone said that the power to tax is the power to destroy. It is hoped that the Amendment to the California Constitution will enable the assessors to tax our golf courses equitably. The legislation was intended to implement the assessors authority and not to detract from it.

Proposition 6 should encourage the development of more nonprofit golf courses if only for the profit motive of enhancing the value of the surrounding land. In the long run the champions of the measure will no longer be here. From the sociological standpoint, unless the legislation is upset, they will have provided for the first time in the history of modern man a legal avenue of escape for the private citizen from the tightening vise of urbanization. A look at an aerial photograph of the city and county of San Francisco will show that the only open spaces left are the golf courses, the Presidio, Golden Gate Park and a mountain which will probably be ground down by the big yellow bulldozers and built upon. The golf courses will stand out in the maze of concrete as living monuments of greenery exuding freshness in cities faced with ever increasing palls of smog. The effect of Proposition 6 will be far reaching.

The names of the people who brought this legislation to fruition are conspicuously absent from this account with the exception of Alan Pattee. They did not accomplish this legislation for by-lines. There would be no way to repay them at the going rate in their businesses and professions for their work in fund-raising and in turning out the vote.

A Tribute to Teamwork

The accomplishment of the legislation is a tribute to the spirit of teamwork among the Northern California, California and Southern California Golf Associations with help from the Womens' Associations, the Professional Golfers Association and Golf Course Superintendents Association. The result was the sum of all the efforts put forth by everyone concerned. No one man or handful of men could possibly have succeeded without the help of each other and they in turn without the help of the thousands of people in the background. Those who worked hard and contributed much need no reminder. Theirs is the satisfaction which can only come from knowing that they had a part in preserving something for others and for the children of others for a long time to come. They will be happily reminded of their parts every time they look at a golf course.