



Leveling the playing field for Ohio golf courses

A tax and economic study of the Ohio golf course industry
sponsored by the Ohio Golf Course Owners Association



A research product of



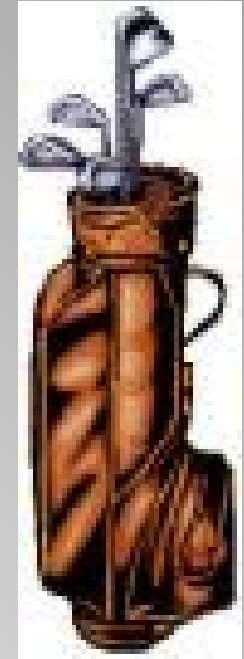
- **738** golf courses
 - **642** privately owned
 - **96** government (state, municipal, universities)
- Est. average market value: **\$2,005,055**
- Est. average assessed value: **\$698,886**
- Est. average property tax: **\$39,062**
- Est. average revenues: **\$1,057,949**
- Est. average number of employees: **31**



Source: Market and tax data was developed from the property records of Ohio's 88 county auditors. Employee and revenue data was obtained from Dun & Bradstreet.

Ohio golf courses by the number

- A 2006 study estimated the total economic impact of the golf industry in Ohio is **\$4.8 billion** annually.¹
- Direct revenue from golf courses alone is more than **\$780 million**.²
- Based on current Bureau of Labor Statistics data, annual golf course payroll for the estimated 22,878 employees is about **\$667 million**.³
- Based on a 9.7 percent state and local tax rate, those employees contribute more than **\$64.7 million** in state and local taxes.⁴
- Based on the average property tax, owners of Ohio privately operated golf courses pay more than **\$25 million** a year in property taxes.⁵



Sources:

1. *The Ohio Golf Economy 2006*, a report prepared by SRI International for the Ohio Golf Alliance, July 2007, p. 9.
2. Calculation based on average revenues of \$1,057,949 per year × 738 golf courses.
3. Calculation based on average 31 employees per course × \$29,167.50 (composite annual wage based on Bureau of Labor Statistics *May 2009 State Occupational Employment and Wage Estimates*.)
4. Calculation based on \$667 million payroll × 9.7 percent state and local tax rate reported by the Tax Foundation, *Ohio State Local Tax Burden Compared to U.S. Average 1977-2008*.
5. Calculation based on average \$39,062 property tax × 642 privately owned golf courses.

Golf course contribution to Ohio economy

Step 1: The 2002 U.S. Economic Census reported that Ohio's 647 privately owned golf courses generated average revenue of about \$773.2 million.

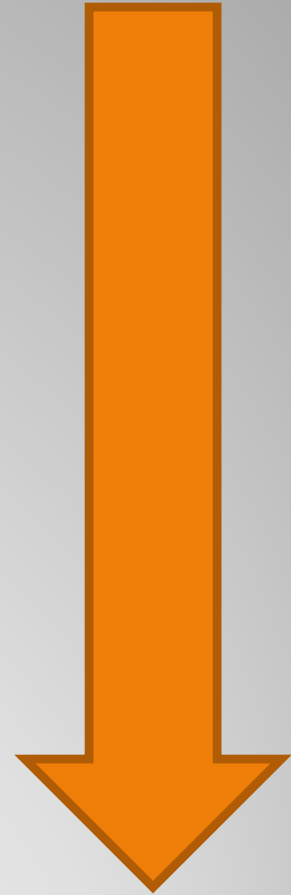
(Calculation: $\$773,264,000 \div 647 = \$1,195,153$)

Step 2: Based on recent data from Dun & Bradstreet, here is the more current estimate based on 642 privately owned golf courses with combined revenue of about \$679.2 million.

(Calculation: $\$679,203,258 \div 642 = \$1,057,949$)

Step 3: The difference:

(Calculation: $\$773,264,000 - \$679,203,258 = \$94,060,742$, an average of about \$146,512 per golf course.)



Ohio golf industry revenue has declined by about \$94 million since 2002

Amend ORC 5701.03 to:

- Expand definition of “business fixture” to more reasonably reflect golf courses (i.e. cart paths, irrigation systems.)
- County auditors determine true value via income approach based on verified income and expense data.
- All other golf courses determine true value via market-data approach.



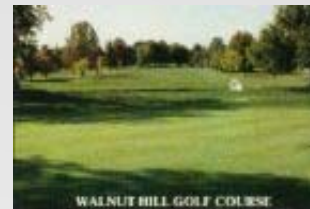
Tax calculation for golf courses: Income approach vs. Market-data approach

- While Ohio's privately owned golf courses paid more than **\$25 million** in property tax last year, Ohio's 96 government-owned and tax-subsidized state, municipal, university and county metroparks golf courses paid **\$0** in property tax.
- In addition, and unlike their private counterparts, income from these government-owned and tax-supported golf courses are exempt from local, state and federal income tax.



Government owned and tax-exempt golf in Ohio

- The City of Columbus owns and operates **7** municipal golf courses.
- In 2007, **260,127** rounds of golf were played on these municipally owned courses.
- The City took in revenue of **\$4.6 million** on these courses and spent **\$4.1 million** to operate them.
- The average revenue per course was **\$668,178**.
- But the City spent an additional **\$4.5 million** for capital improvements and debt service to maintain and improve the courses.
- The Franklin County Auditor lists the market value of these 7 city-owned courses at **\$18,707,100**.
- If these properties were taxed, the City would pay **\$471,541** per year in property tax or an average of **\$67,363** per course.



Competing with government

- **Calculation:** Average 37,161 rounds \times 96 government-owned golf courses = 3,567,456 rounds of golf.
- **Calculation:** \$668,178 average revenue \times 96 government-owned golf courses = \$64,145,088.
- **Calculation:** \$67,363 (average property tax) \times 96 government-owned golf courses = \$6,466,848.
- **Offset-Credit Calculation:**
\$6,466,848 \div 642 private golf courses = \$10,073 property tax credit per private course.



Leveling the playing field: Applying the Columbus model statewide



Jim Underwood is president of Underwood & Associates, a strategic research company he launched in 1993. Underwood also is a Professor of Journalism at Ohio Wesleyan University where he is celebrating his 16th year as a faculty member at that institution.

Underwood & Associates has conducted research for a number of high-profile clients including Lloyds of London, Conrail/CSX, the Ohio State Bar Foundation, AT&T, the Women's' Fund of Central Ohio, the Ohio Lottery Commission and the City of Cincinnati, just to name a few.

Before starting his business and teaching at Ohio Wesleyan, Underwood was an award-winning journalist who worked for a number of Ohio daily newspapers, including *The (Cleveland) Plain Dealer*, where he was Statehouse Bureau Chief. As a reporter and editor, Underwood was honored by a number of groups and organizations including the NAACP and the Society of Professional Journalists. In 1987, he was inducted into the Bowling Green State University Journalism Hall of Fame.

Former President Jimmy Carter recognized Underwood, who served in the U.S. Marine Corps, as one of the nation's Outstanding Vietnam Veterans and in 1992, former Ohio Governor and now U.S. Sen. George Voinovich said of him, *"Few people will ever be as knowledgeable about the workings of state government, politics and journalism as Jim Underwood."*

Underwood is married to Michelle Kelly-Underwood, CPA, Finance Director for the City of Hilliard, Ohio.

About Underwood & Associates