

spotlight

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SANFORD'S TRIPLE BOGEY

The city government has no business being in the golf business

SUMMARY: Over the past five years, Sanford's city owned and operated golf course experienced operational losses of more than \$1 million. With its course, the city engages in unfair competition with five private courses in the immediate area and 45 courses within a 30-mile radius of Sanford. Private golf courses contribute to the local government by paying city and county taxes. Unlike police and fire protection, golf is not an essential city service. If the course were sold, city taxpayers would gain the amount of the sale and avoid paying its average annual losses of \$200,000 per year. Also, a privately operated golf course would contribute to the tax base of the city and county.

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Most of us believe that police and fire protection are legitimate roles of local government. But if a local government decided to own and operate a Mercedes dealership or Tiffany's jewelry store, most citizens would consider it unfair competition with private business. What do you think they would say if these government businesses operated at a loss? And that they were aimed at a very small, highly select clientele? How would local taxpayers feel about having to pay for a government-owned business that benefits a very small number of people?

But the City of Sanford is doing just that. The city's golf course operates in direct competition with private golf courses in the area. Since the city course operates at a loss, a small number of golfers benefit from a large number of taxpayers.

Sanford's city owned and operated golf course is only one example of the numerous government golf courses in the state that unfairly compete with private golf facilities. This competition is unfair for two reasons. First, the general taxpayers are on the hook for the operational losses of many of these government golf courses. Sanford's course lost more than \$1 million on its operations over the last five years (see the graph on the next page.)

While technically an "enterprise fund" that is supposed to generate revenues to fund its operations, the Sanford Municipal Golf Course operated at losses averaging more than \$200,000 per year for the last five years. This annual loss doesn't include any property taxes that a private owner of the

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course would have to pay the city (property taxes, of course, aren't paid on city-owned property). In other words, in the Sanford area there are five private golf courses that pay property taxes that benefit the county and one city-owned golf course that drains tax revenues and benefits only those few golfers who use it.

Second, a large number of taxpayers who don't golf have to pay for the recreational activities of a small number of golfers. Most residents would protest if the parks and recreation department built and subsidized a field for the exclusive use of polo players. They would find it inappropriate for general tax money to be used to support the recreation of a small minority of the city.

The city golf course was constructed in 1934 when the area had fewer courses,

but now there are five courses in the immediate area and 45 courses within 30 miles of Sanford. Several of these courses offer low prices competitive with the city's subsidized prices. Since the private sector is serving the public more than adequately, there is little to justify the continuation of this government operation.

What should the city do? Will Rogers provides some advice: "When you find yourself in a hole, first stop digging." The taxpayers would benefit if the city stopped digging into their pockets to pay for a money-losing golf course and instead sold it. The sale would immediately free up about \$200,000 now going to cover the yearly losses which could then be used for essential services such as police and fire protection. The city would benefit from the sale price which would bring a hefty sum and boost the city coffers. The city and county would then benefit from annual property taxes paid on the property, a benefit that might have prevented the recent tax increase and may help stave off future tax increases.

But alas, selling the course is an unlikely outcome. In city politics, a vocal minority that benefits from a government subsidy can usually overpower the silent majority that pays the bills. Council members often realize correctly that a threat to a golfer's subsidy is more likely to be remembered at election time than a benefit to the general taxpayer.

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