

# spotlight

No. 319 – May 7, 2007

## BURLINGTON'S LOSS FACTORY

The city government has no business being in the golf business

**KEY FACTS:** • Over the past four years, Burlington's city owned and operated golf course experienced operational losses of nearly \$700,000.

- The city unfairly competes with 14 private courses in the area.
- Private golf courses pay taxes that support government services; the city golf course does not.
- 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 over \$170,000 per year.
- Also, a privately owned golf course would contribute to the tax base of the city and county.

Burlington residents are proud of the city's humble start as a whistle stop along the railroad. Burlington is also the site of the Alamance Battle, where colonists rose up against abusive colonial officials. Currently, Burlington's taxpayers are being abused because they are forced to subsidize the recreation of a small number of golfers. The city-owned and -operated Indian Valley Golf Course lost almost \$700,000 in the last four years. Not that the citizens of Burlington should rise up against the city council like the colonists did in the 1760s, but they should ask their elected officials some tough questions.

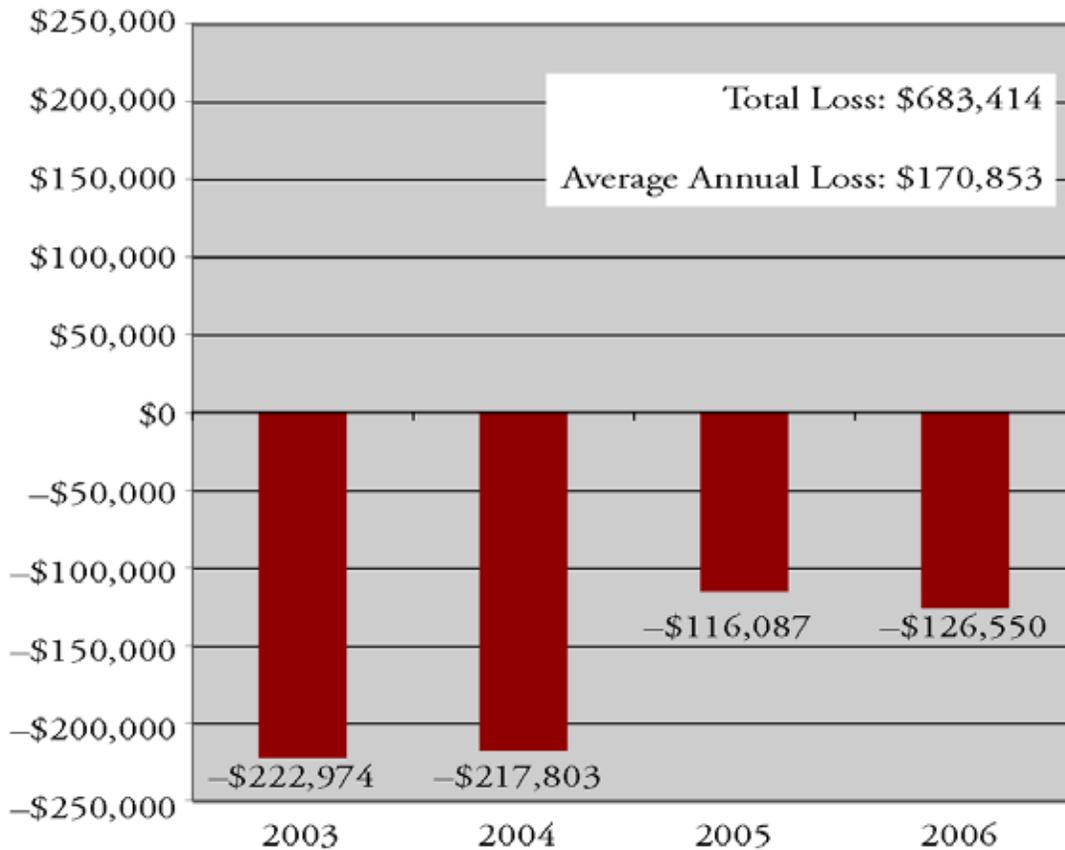
Nothing against golf, but many cities consider it more important to spend scarce tax money on the police and fire departments and improving the streets than paying for the recreation of a small minority of golfers. Think of it this way. If the city council devoted 66 acres of city land and spent more than \$170,000 per year for a polo field that benefits a small number of the Burlington polo players, I don't think city voters would re-elect them. But the mayor and city council are doing that very thing for Burlington golfers.

To make matters worse, Indian Valley unfairly competes with 14 private golf courses in the surrounding area. Several of these courses offer green fees that are competitive with Indian Valley's green fee. Private golf courses must

200 W. Morgan, #200  
Raleigh, NC 27601  
phone: 919-828-3876  
fax: 919-821-5117  
[www.johnlocke.org](http://www.johnlocke.org)

*The John Locke Foundation is a 501(c)(3) nonprofit, nonpartisan research institute dedicated to improving public policy debate in North Carolina. Viewpoints expressed by authors do not necessarily reflect those of the staff or board of the Locke Foundation.*

### Annual Operating Income, Indian Valley Golf Course, Burlington, N.C.



Source: Burlington Comprehensive Annual Financial Reports, various years.

pay property taxes to support essential governmental services. The 66-acre city golf course is not on the tax rolls, unlike the 10 other private golf courses in Alamance County. Imagine if you were in the sporting goods business and you had to pay taxes to support a government-owned competitor that offered sporting goods at lower prices because it received more than \$170,000 per year in tax subsidies. The city golf course is unfairly competing with private courses in the area.

Will Rogers, the great Oklahoma humorist, said: "When you find yourself in a hole, first stop digging." The city council should follow his advice and cut its losses. The golf course should be sold to a private golf company.

#### Recommendations

Selling the course would benefit the Burlington taxpayers in three ways. First, the city would gain funds from the sale that could be used for essential city services such as putting more police on the street and filling the potholes. Next, the city budget would be increased by more than \$170,000 per year because the city would no longer have to cover the golf course's operating deficit. Finally, by transferring the land to the private sector, the land would be returned to tax rolls and the new owners would pay taxes, boosting the city budget and perhaps preventing a future tax increase.

*Dr. Michael Sanera is Research Director and Local Government Analyst for the John Locke Foundation.*

*Michael Moore is a research intern for the John Locke Foundation.*