



Teeing Off with Tax Dollars in North Platte

by Dick Clark

“Your ‘YES’ vote allows progress toward a NO TAX DOLLARS golf course to continue!!”

That was the promise. Proponents of a public golf course project in North Platte circulated a four-page brochure to voters considering a revenue bond issue in May 1992, promising that revenues from the course — and *only* revenues from the course — would pay for the project. The brochure continued, “In spite of what you may have heard, the May 12 vote on a public golf course is *NOT* a tax issue!” The project was promoted as something to make golf affordable for everyone, stimulate local economic development, bring in tourists, and even save tax dollars in the long run.

Voters approved the revenue bond issue, and revenue bonds were used to build the public 18-hole Iron Eagle Golf Course on land donated by local resident Glenn Chase, Sr. Only three years later, the commitment to funding construction solely from course revenues went out the window, and in December 1995 the mayor and city council refinanced the bonds, replacing the revenue bonds with general obligation bonds. Instead of this public borrowing being backed solely by project revenues, it had become the financial responsibility of local taxpayers.

Since its construction, Iron Eagle has always operated at a loss.¹ From 1993 to 2010, North Platte Municipal Golf Fund expenditures exceeded revenues by a total of more than \$11.1 million. Total revenues for the same period were only \$6.2 million.² Because revenues have not been adequate to cover the cost of operations and borrowing, millions of dollars in Keno funds and general funds have been used to subsidize Iron Eagle.

And these numbers may not fully capture the total cost to taxpayers. Some costs of operating the golf course seem to have been shifted to other programs within city government. One golf course employee was transferred to the water department, a move that showed reduced expenses for the

¹ Wetzell, Daniel. “Tempers flare over golf course.” *North Platte Telegraph*. April 7, 2011.[URL: http://www.nptelegraph.com/news/tempers-flare-over-golf-course/article_bb453303-d99a-5b14-adc2-3125d5dea457.html]

² “Revenue/Expenditure History.” City of North Platte Municipal Golf Fund. 2010.

golf course but not for taxpayers.³ A Lincoln-based professional management firm, Landscapes Unlimited, was brought in to run the course in 2013. Though LU has reduced staff and taken other action to reduce costs, it is hard to see how the course could remain a “going concern” if private investors were ultimately responsible for its losses.

The problem at Iron Eagle is not the quality of the golf course. Even those who are publicly expressing concern about the threat it poses to taxpayers think that it is a great place to play a round of golf, and some say they “love the course.”⁴ The problem is that golf courses are not good investments for local government.

The golf industry is currently in decline, and more courses closed than opened in 2013 for the eighth year running, with public courses closing at a much faster rate than private ones.⁵ This is due in large part to a drop in the number of people playing the sport.⁶ This downturn in the golf industry has been hard on municipal governments operating golf courses, too, including other cities in Nebraska. Omaha closed its city-owned, money-losing Fontenelle Golf Course in 2012.⁷

A study published in 2013 found that “golf courses... have had a negative financial impact on the communities that own and operate them, and the negative financial results have consistently deteriorated” from 1996 to 2010.⁸ Study authors concluded that “it would require an unprecedented improvement in operating income to return these investments to profitability.”⁹

What makes this challenge so daunting is the fact that “golf course maintenance costs are mostly unrelated to the number of rounds played. As a result, profitability of golf courses are significantly and directly related to rounds played...”¹⁰ With fewer people playing golf, fewer rounds of golf are being played, meaning that fewer dollars come in to cover the essentially fixed operating costs.

³ Wetzel.

⁴ “Rationalizing will not fix the problem.” Editorial. *North Platte Telegraph*. April 13, 2011. [URL: http://www.nptelegraph.com/opinion/todays_column/rationalizing-will-not-fix-the-problem/article_deb6a0c0-d930-5c0a-bff1-9f32f1bc9f11.html]

⁵ Buteau, Michael. “U.S. Golf Course Closures Exceed Opening for Eighth Year.” *Bloomberg Businessweek*. January 17, 2014. [URL: <http://www.businessweek.com/printer/articles/661367?type=bloomberg>]

⁶ Sherman, Erik. “Why Public Golf Courses Are in the Rough.” *Fiscal Times*. September 13, 2013. [URL: <http://www.thefiscaltimes.com/print/62016>]

⁷ “City Targets Young Crowd to Boost Golf Revenues.” KETV-Omaha. March 15, 2012. [URL: <http://www.ketv.com/City-Targets-Young-Crowd-To-Boost-Golf-Revenues/11669692#!bFGZm6>]

⁸ Ingram, Marcus A., Lee Hoke, and Jared Meyer. “The declining economic viability of municipal golf courses.” *Public and Municipal Finance*. Vol. 2, no. 1. 2013. p. 46 [URL: http://businessperspectives.org/journals_free/pmf/2013/PMF_2013_01_Ingram.pdf]

⁹ *Ibid.*, p. 49.

¹⁰ *Ibid.*, p. 54.

This challenge is made even tougher for North Platte because it has more holes of golf per resident than almost any other municipality in the country. Between the eighteen holes at Iron Eagle, eighteen at Rivers Edge, nine at Indian Meadows, and eighteen at Lake Maloney, North Platte offers 63 different holes of golf. Phoenix, Arizona is generally considered to have one of the highest concentrations of golf courses in the U.S., with 9.7 golf course holes for every 10,000 residents.¹¹ North Platte's population was estimated at 24,592 as of 2012, meaning that North Platte has about 25.6 holes of golf per 10,000 residents.

North Platte voters were promised a golf course that could run on its own revenue. They got a lovely golf course, but they also got a big tax bill to pay for it. There are only two cures for North Platte's golf course woes: convince people to play more golf, or stop paying for what appears to be an overabundance of golfing venues in North Platte. If a private enterprise can make a go of Iron Eagle, its many well-wishers will no doubt be pleased to continue to golf there. But continuing to use public resources to pay for an insolvent golf course comes at a cost to taxpayers and the public. What other public projects could not be completed because of the diversion of tax dollars to the golf course? What sort of tax relief might have been realized? And what about considerations of fairness for the other area courses not subsidized by tax dollars?

The current bond issue for Iron Eagle will be paid off in December 2017. Now there is talk of building a water park, using the same promises of tourist dollars and economic development. Some are suggesting that it might drive more people to golf at Iron Eagle, too.¹² Instead of throwing good money after bad, officials in North Platte should commit to making Iron Eagle self-sufficient and fully transparent for as long as it is a public asset. The course should not rely on Keno dollars or general fund dollars in order to operate. Officials should honor the promises made to North Platte voters — and taxpayers — back in 1992.

These sorts of wasteful spending projects, sold under pretenses that proved false, are illustrations of why taxpayers in North Platte and across Nebraska deserve real tax relief. Property tax relief in particular has to start with controlling spending and eliminating waste at the local level. With public funding propping up Iron Eagle it is no surprise that the city property tax in North Platte rose by 8.5 percent in 2013 as the result of a city debt payment property tax request.¹³

Individual earners are better at investing their own dollars than government is at investing it for them. North Platte's municipal golf course is merely a symptom of a larger problem. The real problem is too much unfounded faith in big government and a lack of faith in entrepreneurs.

¹¹ *Ibid.*, p. 50.

¹² McCue, Liz. "Results of wellness survey in." *North Platte Telegraph*. July 23, 2014. [URL: http://www.nptelegraph.com/news/local_news/results-of-wellness-survey-in/article_8ecad26c-9658-5cd4-993b-2ce3a8099b64.html]

¹³ Bottrell, Andrew. "Increase in property taxes unveiled." *North Platte Telegraph*. August 22, 2013. [URL: http://www.nptelegraph.com/news/increase-in-property-taxes-unveiled/article_9e80fb11-1d3a-5aac-b377-e7ac44e90dc6.html]