PUBLIC AFFAIRS NEWSLETTER

Where Golf and Public Policy Intersect

[September 2025 Volume II]

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TEE TIME BROKERING – CONTINUED

On September 12, the **US Attorney's Office for the Central District of California** announced the **indictment** of two (2) Los Angeles based **tee time brokers** for failing to report $1.1 million in income**, $700,000.00** of which the indictment alleged was made from the resale of tee times at 17 Southern California golf courses, mostly located in and around Los Angeles.

A few key takeaways of interest to the California golf community:

1. To the many who were skeptical that there was this much money to be made from what amounted to a boiler room operation reselling municipal tee times, this indictment stands as evidence that the US Justice Department believes it can prove beyond a reasonable doubt that these two persons were able to make $700,000.00 from doing just that.
2. Given the amount involved here, an amount that reflects the proceeds from only one such operation — there were likely more, but we don't know that for a fact — as long as Southern California's major municipal golf systems continue to remain committed to providing high quality golf at prices well below free market rates, powerful incentives to use various means, including technological, will remain to find ways to skim these kinds of monies from those systems. Urban California is demand rich, supply short territory – and supply isn't expanding to meet the demand anytime soon.
3. As much as the golf community should be pleased that the protocols adopted last year (nonrefundable deposits with cancellation penalties) mitigated much of the problem represented by the persons named in the indictment, we should keep in mind that at

least some of that mitigation may have been more the result of these kinds of actors' going into hiding when the matter exploded in the media, because if the allegations in the indictment prove true, they knew they had not reported the income derived therefrom.

4. Given all of the above, we have likely gotten only a reprieve, not a more permanent solution. What the two subjects of this federal indictment are charged with has nothing to do with the way in which they earned their income, but rather the fact that they consciously evaded paying taxes on that income. Violation of an LA City Ordinance hardly rises to the level of a crime — a minor civil infraction, perhaps, but not even so much as a misdemeanor, and certainly nothing that would rise to the level of creating a cause of action.

To that 4th and final point, please know that CAG has opened up a dialog with our colleagues in New York, where a Long Island State Senator whose District includes the site of this year's Ryder Cup (Bethpage Black) has filed the BIRDIE ACT, which would do for that state's golf industry what last year's "Restaurant Reservation Anti-Piracy Act" did for New York's restaurants by requiring all reselling of reservations be done per written agreement between 3rd party vendor and restaurant. Florida and other large states have since passed into law versions of "Restaurant Reservation Anti-Piracy Acts." A version of it is now a 2-year bill in California and will be taken up in January.

Given what is at stake — non-authorized schemes that siphon off revenues that could otherwise be reinvested in the golf courses and/or used by owners and operators to provide better golf experiences and jeopardize the affordability/accessibility/community missions of these systems so central to their political viability – this is an issue that the Alliance is going to stay atop and when the time is deemed right, perhaps consider pursuing in California what the golf community in New York is actively pursuing now.

No discussion of this issue would be complete if we weren't to make clear that the issue here is **not** 3rd party re-selling per se; it's 3rd party re-selling **without permission**. There is much about the many existing 3rd party transactions that are governed by written agreement between facility and 3rd party vendor that benefits facilities and golfers. No one seeks to curtail those agreements, or the benefits derived therefrom.

The **National Golf Course Owners Association (NGCOA)** has added a day to its biannual Technical Conference **("Tech Con")** this October focused just on this issue. We have to imagine
that among the salves it will consider is legislation. Though the legislative path is always an arduous one – a long distance run without guarantee of ever arriving at a finish line – it can offer a
more permanent and sustainable solution than the ad hoc salves the industry is likely to keep having to craft to stay ahead of those calculating to extract value from the game's facilities without
providing them benefit.

Along with permanent standard time, this too is an issue that promises to remain on golf's plate for some time to come.

ANOTHER DAY ANOTHER EXISTENTIAL THREAT

Lest you think that the only challenges to golf's use of the large acreage it requires to offer its recreational pleasures and business opportunities comes from housing advocates, folks like Malcolm Gladwell who object to a tax valuation basis that is something other than highest and best use, and those who would prefer that the acreage be made recreationally available beyond the 10% of the population that plays golf, Golf Now / Golf Pass recently carried a story about the large number of golf courses that are being sold and/or repurposed as large **AI data processing centers**.

From that story:

> **"The hefty price tag Provident Realty/Harrisburg I LLC was willing to pay Harrisburg County for the course property evidently made it an offer too attractive to refuse. "Harrisburg I, LLC's proposal is approximately 10 times higher than the recorded value of the land," noted Barbara Zemlock, a member of the county board."**

Sadly, this was just one of many such examples cited in the story.

Golf's case may be the economic case to the many in this queue who love and play the game as well as those who make their living from golf, and that is why threats like these are daggers at the heart to so many who play the game and work in the game. A shrinking pie ill serves both alike. It does serve those who are ready, willing, and able to use that land for far higher and better economic uses, which in turn excites the various levels of government that then are able to derive much larger tax revenues from those uses.

The ECONOMIC CASE is not golf's friend. It was golf's friend for the many years that most if not all of the challenges to the use of the game's land were restricted to other park/recreation/ open space uses, virtually all of which were less productive by every fiscal metric. That was then; that is not now. Something about "fighting the last war" comes to mind.

But golf needs to pivot to today's realities and recognize that in today's land use competition, the economic case is golf's foe. Golf's case has many friends, and those are the "cases" that the game ought to always lead with when working to preserve the game's existing golf stock, particularly when challenged in high demand urban areas. And those are the cases that the game has effectively used many times over in California to effect positive outcomes in the public arena – positive legislative outcomes, positive regulatory outcomes, and positive media outcomes.

The industry might be better served by holding conferences about growth of the game and various versions of business strategy that place primacy on devising strategies to ensure that it maintains as many places to "grow the game" as possible than on assumptions about maintaining those places to grow and sustain it that depend upon facts that are increasingly contradicted by all available evidence. It's probably too harsh a judgment, but the phrase, "rearranging the deck chairs on the Titanic," comes to mind.

There is another tidbit in the attached story that merits singling out for what it can provide in terms of one of "golf's friends" when the game faces displacement by an AI data center:

> **"Golf courses routinely come under fire from climate activists for their water usage. Earlier this year, a QZ.com article noted that data centers use as much as 41 times as much water as golf courses to regulate the temperature of their servers."**

A similar water ratio applies to myriad industrial uses; it's just that those activities don't present themselves as 120 acres of bright green as do golf courses. That's why golf has to work overtime to get the facts about its water use and attendant environmental, social, philanthropic, and community values out to a world that is every day faced with an onslaught of information. Talking to ourselves at our own conferences won't do it.

Golf courses enrich the lives of all who live in proximity to them. That's the story to tell; hard stop. And the story applies whether one plays the game or not.

2025 LEGISLATIVE SESSION CONCLUDES

It took one day longer than planned, but the marathon known as the California annual regular legislative session has finally concluded. The only thing left is to see which of the bills sent forward are signed and which are vetoed. CAG has sent Governor Newsom two (2) letters encouraging him to sign two bills the Alliance vigorously supported during the session – **SB 72** (Caballero; D-Merced), a bill that establishes California's **1st water supply target** and increases that target by 7-9 million-acre-feet by 2025 and **SB 31** (McNerney; D-Stockton), a bill that would amend Title 22 (Water Code) to facilitate the use of **recycled water.** We have reason to be optimistic that both bills will be signed into law.

The one bill CAG vigorously opposed, **SB 51** (Niello; R-Roseville), a bill that would have put the state on **permanent standard time**, died in the Senate before it reached the Floor. However, we have every reason to believe that some version of it will be dropped again in 2026.

One bill that CAG watched carefully but never took a position on, **SB 601** (Allen; D-Santa Monica), a bill that we think would have restored the status quo ante (ante Trump 47) with respect to what constitutes a **"Water of California"** for the purposes of heightened regulatory scrutiny, was pulled by Senator Allen at the last minute and made a 2-year bill that will be brought back up in January – brought back up no doubt with the amendments the Senator hopes are capable of securing the votes in both legislative houses necessary to move forward to the governor.

If we had to draw a few **interlocutory conclusions** from what the concluded session might tell us about where the state's political winds are blowing, we would stick with some of our recent observations. Environmentalism's stock is declining. Housing's stock is rising. YIMBY's ("Yes in my Backyard") influence is increasing. Threats to the game's use of land are exploding. Decarbonization of the California economy is slowing down. Focus on water supply is accelerating. Commitment to modernizing infrastructure is increasing. Labor's roar is getting louder. Caveat: Those are generalizations as broad as they are vague and should be understood as nothing more than bullet point reductions of a much richer, complicated, and more nuanced reality. Taken together a mixed bag offering both hope and challenge for the California golf community.

COLORADO BASIN NEGOTIATIONS DOWN TO THE WIRE

And while not a legislative challenge nor really a traditional regulatory challenge either, the deteriorating condition of the **Colorado Basin** hangs over us like a Sword of Damocles as we stare down a 2026 deadline for reallocating the Colorado River's bounty among the seven (7) Colorado Compact states. Lake Powell is now down to **29% capacity**. Lake Mead is at **31%**. All this as the federal government continues to predict that the Southwest will probably have above-average temperatures and below-average precipitation over the next several months – all coming atop last year's meager Rocky Mountain snowpack that produced an even stingier runoff. The federal government (Bureau of Reclamation) continues to predict that Lakes Powell and Mead should remain above **"dead-pool"** levels, but there are credible experts who suggest that another winter like the last one could prove otherwise. If events prove those "experts" right, the region will be looking at having to take emergency actions while the states are hammering out the new allocation paradigm.

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Whatever the coming "challenge," whether legislative, regulatory, or otherwise as in the challenge posed by the drying out of the Colorado Basin, we can say with some confidence that the California golf community is **better poised today** to meet them than at any time in the past. However, we must also add that we are going to have get even better and get better faster if we hope to continue meeting the challenges that promise to just keep coming at us faster and harder.