

## CHAPTER 12 – SALES TAX CODE

### Sec. R12-270.2 Proprietary clubs.

(a) Equity requirements. In order to qualify for exclusion under Section 12-270, a proprietary club must actually be owned by the members. For the purposes of qualification, a club will be deemed to be member-owned if at least eighty-five percent (85%) of the equity of the total amount of club-owned property is owned by bona fide individual members whose membership is represented in the form of shares, certificates, bonds, or other indicia of capital interest. A corporation may be considered an individual owner provided that it owns a membership solely for the benefit of one or more of its employees and it is not engaged in any business activity connected with the operation of the club.

(b) Gross revenue requirements. In computing gross revenue for the computation of this fifteen percent (15%) rule of subsection 12-270(c)(1),

- (1) the following shall be excluded:
  - (A) membership dues.
  - (B) membership fees which relate to the general admission to the club on a periodic (or perpetual) basis.
  - (C) assessments.
  - (D) special fund raising events, raffles, etc.
  - (E) donations, gifts, or bequests.
  - (F) gate receipts, admissions, and program advertising for not more than one tournament in any calendar year.
- (2) the following must be included:
  - (A) green fees, court use fees, and similar charges for the actual use of a facility or part thereof.
  - (B) pro shop sales if the shop is owned by the club.
  - (C) golf cart rental if the carts are owned by the club.
  - (D) rentals, percentages, or commissions received for permitting the use of the premises or any portion thereof by a caterer, concessionaire, professional, or any other person for sales, rental, leasing, licensing, catering, food or beverage service, or instruction.

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(E) all receipts from food or beverage sales, room use or rental charge, corkage and catering charges, and similar receipts.

(F) locker and locker room fees and attendants charges if paid to the club.

(G) tournament entry fees other than entry fees for the one annual tournament exempt under subsection (b)(1)(F) above.

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