



# MONEY TALKS

Winter 2004

News to Use From Gregory A. Barford, CPA

## *“Slot Machines in Maryland... Another Chapter”*

Once again the Maryland General Assembly is considering legalizing slot machines in the state of Maryland. Once again they have the support of the State's "Conservative" Governor.



Slot machines are being touted as a way to eliminate the budget deficit that the State of Maryland is facing. The core budget deficit problem, however, is overspending by the politicians - not a lack of revenue! Instead of being a cure for the deficit, slot machines will only enhance the appetite for more spending - and more deficits. Then our benighted politicians will argue that casinos are the answer; eventually, tax increases will be the only answer left when casinos don't solve the problems.

Slot machines are a double whammy: they virtually guarantee a future tax increase and a transfer of wealth from local households to "Big Brother". Small businesses in our State will be at a definite disadvantage. They will not benefit at all from slot machine revenue; most of the slot machine money will go to out-of-state corporations. Other problems include households having less money to spend at local small businesses, gambling addiction that will create problems for businesses hiring workers, and local banks having more bad debts.

The only ray of light for those opposed to allowing slot machines in the State is that Maryland's House Speaker Michael E. Busch (D-Dist.30) - with whom I usually disagree - is opposed to slot machines. May the Lord bless this man and guide his path to block the bill authorizing slot machines.

If you are concerned about future tax increases and the other problems that will come with allowing slot machines in our State, tell your politician: "No slots" ! ■



Slots  
NO



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## “QuickBooks Supplies-Ordering Service Takes a Div - I Advise Using Another Supplier”

I have always recommended that my clients order their checks and deposit slips from QuickBooks. The Company provided very good service and speedily made good on any mistakes at no cost to the customer. They did not have the lowest prices, but I recommended them without hesitation because they were always reliable and easy to deal with. They were one of the few companies that would get your order to you the next day if you placed it by noon. (There was an extra cost for this service, but it was reliable and convenient).

Times have changed, however. In an ill-advised rush to cut costs, QuickBooks has sent its customer service function overseas, with the result that ordering supplies has become very difficult. I recently had to deal with two orders that became nightmares. The order-takers were far from fluent in English; one person did not even know what a "street" was! The worst part, though, is that the order took twice as long to complete, and I still do not know if it will be correct.

Because of these serious problems, I can no longer recommend ordering supplies from QuickBooks.

Another warning: Do not order preprinted invoices. They are a waste of money. Your logo can easily be scanned into your computer, you can format the invoice any way you want in QuickBooks, and you can then print the invoice in your color choices. ■



## “Controlling Your Employees Use of Credit to Buy Gasoline Can Enhance Your Bottom Line”

Several of my clients have multiple-vehicle fleets for their companies. Most of them have good systems in place to control how company credit is used for gasoline and other vehicle-related purchases. A few of them, however, are not doing a very rigorous job of controlling their employees' use of company vehicles and company gasoline credit cards, especially when it comes to gas for an employee's personal use.

Some national gas station chains - Exxon, for example - claim to offer some controls to prevent this abuse. However, the controls they offer are not that strong, you are limited to using one chain, and you are locked into that chain's price for fuel - which usually is higher than you can find at other stations.

I recommend looking into a service brought to my attention by one of my clients. This service is the Fuelman Fleet Card. Fuelman has agreements with several gas stations that accept their fleet card. In most cases, Fuelman has negotiated with the gas station a price that is lower than the posted price, allowing Fuelman Fleet Card users to save money on fuel.



Fuelman claims savings of an average of 14 percent on your fleet's gasoline bill by using their negotiated pricing with the gas stations and by making full use of their control system, which offers several useful features that provide great controls for small businesses. Being able to purchase gas at several different stations instead of being limited to one chain's stations is also an advantage.

Fuelman issues a credit card for each vehicle and a PIN number to be used by that vehicle's driver. The card is swiped and the PIN entered, the odometer reading is entered, and Fuelman sends you a bill each week. The bill includes such valuable information as miles per gallon and miles traveled. The card can allow for purchases of other expenses such as oil or snacks.

For more information on the Fuelman Fleet Card service, go to [www.fleetcor.com](http://www.fleetcor.com) and click on "Products & Services" at the top of the page. If you want to talk to a real person, contact Wanda DiPangrazio at 866-525-2115, ext. 11. ■



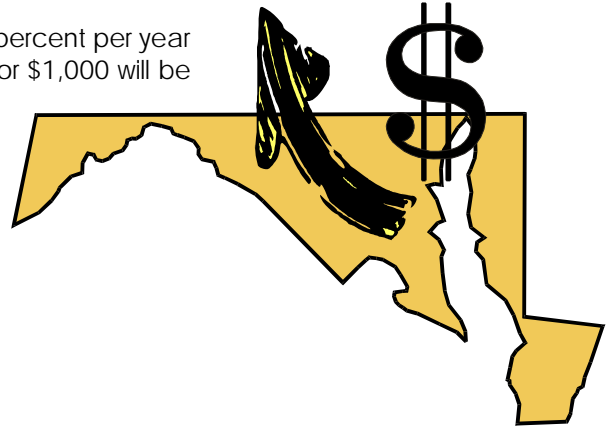
## “State of Maryland Increases Personal Property Filing Fees”

Every business operating in the state of Maryland is required to file an annual personal property tax return. Through this form, the State collects information on the value of personal property and forwards this information to all the counties and incorporated cities in Maryland.

Then the relevant counties and cities bill you for the value of the personal property. The rate varies, depending on the county, from \$2 to \$6 per \$100 of property value. Incorporated cities may levy additional taxes on top of these county taxes. Beginning in 2004 the annual fee for filing personal property tax returns for corporations that are authorized to issue stock will increase to \$300 from the present \$100. Even worse news: Also beginning this year, limited liability companies (LLCs), which previously were exempt from the personal property tax fee, now have to pay the \$300 fee.

Some good news: there is an annual depreciation allowance of 10 percent per year that reduces the assessed value. Therefore, a property purchased for \$1,000 will be taxed at \$600 after 4 years. (There is, however, a maximum depreciation allowance of 75 percent per asset). Certain assets qualify for a faster write-off than the standard 10 percent per year; call my office for more details.

Another hint to help reduce this burden: businesses that have multiple entities should consider merging them to eliminate the fees, unless there are contravening liability and tax issues. Again, check with my office to find out the best strategy for YOUR business! ■



## “Consider Mortgage Debt”

Contrary to what you may hear in some financial quarters, I believe that mortgage debt for your personal residence needs to be paid off as quickly as possible without compromising your necessary living expenses. Further, I do not recommend taking out a home equity loan unless it is for emergency purposes or when you have cash to leverage the loan.

A number of financial advisors advocate always borrowing to the maximum value of your house and, when possible, not paying down the principal. The rationale for this is that then you can invest the difference in the stock market or other investments.

There are some pitfalls to this approach, however. First of all, it is possible that these advisors will steer you to their mortgage products and the investments they sell. They will receive commissions on the sale of these mortgage products and investments. Their motivation for this strategy comes from the fact that the more money you borrow and invest, the more money they make.

The argument these advisors offer is that you can borrow at 6 percent, invest the money, and earn more than the 6 percent on it. There is absolutely no guarantee on any rate of return, however. Not only is the rate of return not guaranteed, your investment could be subject to severe fluctuations and losses. It is also possible that all of the money you borrow to invest may not be tax deductible.

In the meantime, though, your 6 percent mortgage debt is guaranteed!

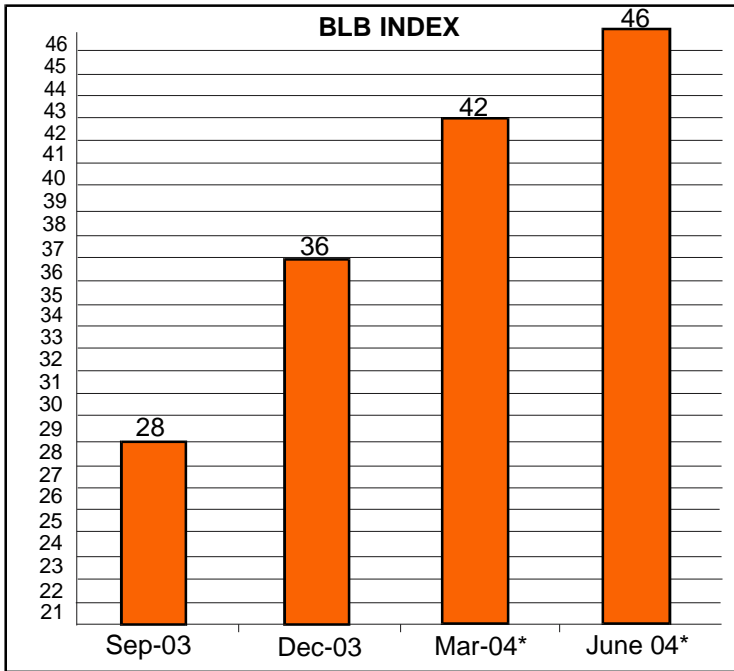
My advice remains: Do not borrow money to invest - especially on your personal residence - it is gambling!



**Q.:** "I terminated an employee recently. He told me that I had to pay him immediately for wages owed to him. Is this true?"

**A.:** No, employees are required to be paid only on your normal payroll cycle; whether it is weekly, biweekly, monthly, or semi-monthly. There is no special law that requires you to pay terminated employees any sooner.

## “Willingness of Banks to Lend to Businesses”



Bankers are starting to talk more about wanting to make loans, although not all of this talk translates into making loans - this is a promising sign. I feel the BLB index could hit 50 by the summer.

The SBA guaranteed loan program had to suspend loan guarantees for a few weeks in January; however this has been worked out and new loans will be able to be guaranteed again.

\* = Forecasted.

Score	Lending	Color Zone	Description
76-100	Jackpot	Green	Here's the Money! We will do the paperwork later.
51-75	OK	Yellow	Let's see what we can do.
26-50	Tight	Orange	I would lend you the money, but underwriting is killing most of my deals now.
0-25	Very Tight	Red	I know you have 100% cash pledged for the loan, but we don't have the money.

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**Gregory A. Barford, CPA, P.C.**

*Business & Financial Advisors*

3970 Rye Lane Monrovia, Maryland 21770

Phone: 301-865-4648 Fax: 301-865-0305

E-mail: gab@gabcpcpa.com

www.gabcpcpa.com

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