



LEASING 2



## Local Government Expertise

Leasing 2 is specialized in local government truck and equipment financing. Unlike commercial businesses, government agencies are subject to strict compliance, challenging budgets, and specific approval processes. Our team of skilled professionals has worked directly with local governments and their vendors since 1989.

Leasing 2 has in-depth knowledge of local governments' unique equipment leasing requirements including fiscal funding, non-appropriation, federal income tax exemptions, bank-qualified, and sovereign immunity. We have extensive experience with tax-exempt lease financing for capital projects and equipment and are particularly experienced in assisting local governments and their vendors.

### INDUSTRY SPECIALIZATION

Leasing 2 strives to provide custom solutions to various government sectors. We've worked with:

**Public works departments**

**Public schools**

**Fire departments**

**Emergency Medical Services (EMS)**

**Law enforcement**

# What is a Tax-Exempt Lease?



Also known as a municipal lease, a government lease or a government lease purchase, a tax-exempt lease is a specialized lease financing tool available to local and state governments.

## Characteristics unique to a tax-exempt lease include:

### Political Subdivision

The lessee in most cases must be a political subdivision within the United States.



### Tax-Exempt Interest Rate

The cost of lease financing is minimized by a federal income tax exemption to the lessor. The exemption is made available under the same IRS code that supports the municipal bond market.



### Does Not Create Debt

Debt is not created due to an annual funding out provision typically referred to as a Non-Appropriation Clause. This is important to local governments since they are restricted from issuing general obligation debt without voter approval.



## WHO QUALIFIES FOR TAX-EXEMPT LEASING?

Section 103(a)(1) of the Internal Revenue Code identifies any state, territory or possession of the United States, or any political subdivision thereof.

With few exceptions, the following organizations qualify: **states, counties, cities, towns and villages, special tax districts including schools, water, fire, and hospitals.** There are also special provisions for volunteer fire departments and certain 501(c)(3) organizations.





# What Can Be Leased?



With a tax-exempt lease, you can secure financing for all **essential** use equipment and real property.

## Equipment

Fire trucks

Ambulances

Garbage trucks

Street sweepers

Sewer vacuum trucks

Snow plows

School and transit buses

Energy-related equipment  
—lighting and HVAC

Modular buildings

Police cars

Computer hardware  
and software

Telecommunication  
and radio equipment

Road equipment

Office machinery such  
as copiers and printers

Parking meters

Healthcare  
equipment

Medical aircraft

911 systems

Cafeteria equipment

Election equipment

Library equipment

Water project  
equipment



## Real Property

Fire and police stations

Jail/detention facilities

City halls

School buildings

Athletic fields

Water and waste  
treatments plants

Improvements  
to real property



# Advantages of Tax-Exempt Leases



## Equity

Each payment includes a principal component which creates an equity ownership position over time.

## Efficiency

Completed financing in as little as two weeks.

## Low Cost

Tax-exempt interest rates can be lower than both equipment inflation and investment earning accounts with the cash you preserve.

## 100% Financing

No down payments required.



## Extended Terms

Up to 15 years on some equipment, up to 20 years on real property.

## Flexibility

Payments can be customized to match your budget cycle. Pay monthly, quarterly, semi-annual, or annual.

## No Closing Costs

In almost all cases there are no issuance/closing costs.

# Why Lease New Equipment?



You might face challenges when deciding whether or not you can afford new vehicles and equipment.

Fortunately, tax-exempt leases help you get your needed equipment now, and delay your first payment until the next budget year. **This helps you match cost with revenue and minimize the impact of large purchases in a single budget year.** Plus, you'll eliminate the maintenance costs of older equipment.



*Investing in communities today to build a better tomorrow.*

FOR MORE INFORMATION:

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