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<b>BUDGET BULLETIN</b>	<b>H-1022</b>	<b>January 11, 1999</b>
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**TO: ALL DEPARTMENT AND AGENCY HEADS**

**FROM: Robert L. King**

**SUBJECT: Installment-Purchase and Lease-Purchase Financing Through the Statewide Lease Purchase Agreements**

This Bulletin provides guidelines for agencies that intend to request approval to finance the installment-purchase or lease-purchase of equipment through the Statewide Lease Purchase Agreements established by the Office of General Services.

The Statewide Lease Purchase Agreements are a statewide vendor equipment financing program that pre-qualifies equipment vendor financing companies through a statewide equipment lease-purchase agreement. An agency requiring vendor financing for equipment will conduct a mini-bid process using the pool of pre-qualified vendors. Agencies are encouraged to use the Statewide Lease Purchase Agreements as a means of securing the most cost effective rates.

Agencies need to adhere to the following guidelines when using the Statewide Lease Purchase Agreements:

- The Statewide Lease Purchase Agreements require the same approval and execution process as lease-installment purchases financed through Certificates of Participation and non-COPs financing.

Therefore, agencies must submit an H-101 A and H-101 B request for prior approval by the Director of the Budget of **all** new equipment installment-purchase obligations, including equipment which is financed with the Statewide Lease Purchase Agreements. Requests for H-101 A and H-101 B approval should be submitted to the agency's budget examiner.

- Agencies using the Statewide Lease Purchase Agreements will not need to draft, submit and review Requests for Proposals to finance equipment purchases.

- The minimum and maximum dollar amounts which may be financed using the Statewide Lease Purchase Agreements are \$250,000 and \$15,000,000, respectively.

Agencies may not group unrelated items of equipment to reach the minimum outright purchase price of \$250,000. Multiple items of the same type of equipment or related items of equipment may be grouped under one or several contracts as part of a procurement package to meet the \$250,000 threshold.

- The Statewide Lease Purchase Agreements cannot be used to finance stand-alone consulting services, training costs or maintenance.
- Interest income on financings is ordinarily tax-exempt and the interest rates bid by the pre-qualified financing vendors who are part of the Statewide Lease Purchase Agreements should reflect that status. Agencies also should be cognizant of potential private use issues regarding the equipment to be financed to ensure that the purchases meet Federal tax law requirements. If there is use or access by any non-State or local government entity to the asset intended to be financed, it must be indicated on the H-101 B form.
- Agencies are responsible for the payments to the vendor for the life of the lease purchase agreement.

Additional information on installment-purchase financings can be found in the Budget Policy and Reporting Manual, Installment-Purchase Financing, item H-101.

Questions concerning this Bulletin should be addressed to your Budget Examiner or to Darcie Ciejka at (518) 474-7319. For information on how to use this contract call the OGS COPs Unit at (518) 473-2970 or visit the OGS web site at [www.ogs.state.ny.us/purchase](http://www.ogs.state.ny.us/purchase).