

## Auto and Equipment Leasing Company



**A Primer and Intro to  
Municipal Leasing  
aka Tax-Exempt Lease  
Financing**



## What is a Tax Exempt Lease

- Financing Transaction
  - State or possession of US, D.C., or political subdivision thereof
  - Treatment of “interest” by the Lessor
  - Debt not created for state law purposes
  - Not a “True” Lease



## Tax Lease vs. Tax Exempt

### Tax Lease (True Lease)

- Lease Rentals
- Meets IRS guidelines
- Key Components
  - △ Who takes depreciation
  - △ Tax treatment of lease
  - △ Ownership/Title
- No P&I amortization

### Tax Exempt (Muni Lease)

- P&I Component
- Tax exempt for Lessor
- Not Debt Obligation
- Similar to Lease Purchase



## Who Qualifies?

---

- Public School Districts
- Cities
- Counties
- State Agencies
- Public & Private Higher Ed
- Special Districts
- 501(c)3 not-for-profits



## **What Energy Project can be financed with a Tax-Exempt Lease?**

---

- Energy Equipment Upgrades/Retrofit
- Co-generation Facilities
- Solar Electric Systems
- Lighting Retrofits
- HVAC, Sensors, Generators,
- Any “Essential Use” Public Purpose Project



## **Tax-Exempt, Lease Purchase Financing supporting Energy Management Projects**

---

- Most Energy Management Efficiency Projects pay for themselves by producing energy savings from day 1
- This savings covers the lease payments
- The lease payments can be set to cover the exact monthly savings
- No upfront costs and No General Fund debt obligation
- Classified as a lease – includes “non-appropriation clause” – Obligation of current fiscal year only – Does Not Constitute Debt



**For more detailed information:**

---

**Auto & Equipment Leasing Company of Hawaii**  
**Trini Abaya-Wright**  
**808/521-5200**  
**[triniabaya@aol.com](mailto:triniabaya@aol.com)**

**GE Capital Public Finance**  
**Rebecca Lowe**  
**800/854-2792**  
**[rebecca.lowe@ge.com](mailto:rebecca.lowe@ge.com)**

