EQUIPMENT LEASING AND FINANCE ASSOCIATION
1825 K Street NW
Suite 900
Washington, DC 20006
P 202.238-3400
F 202.238-3401
www.elfaonline.org

Public Comment and Testimony
Equipment Leasing & Finance Association
House Bill 211 – Leased Office Equipment

The Equipment Leasing and Finance Association (ELFA) represents financial services companies and manufacturers in the commercial equipment lease finance sector. Commercial equipment lease finance companies provide funding for equipment to businesses nationally from a single location and do not have physical possession of equipment prior to a lease

ELFA believes that contract terms should be negotiated between the contracting parties to reflect their needs and not blanket mandates by government with no consideration of their individual interests.

The diversity of equipment covered by House Bill 211is incalculable and may entail considerable expense that cannot be determined at the beginning of the lease agreement. For example, inclusion of all equipment with central processing units (CPUs) presents a range of coverage that may not be readily determined.

In many commercial equipment leases the ability to offer the most favorable pricing to a customer is contingent on making back a residual value in the secondary market. This is one important reason leasing is an affordable option to purchasing because customers pay for the time equipment is used rather than buying technology they must keep despite introduction of advances.

Determining purchase price and replacement costs of a hard drive at outset of a lease contract may not be possible, especially if the manufacturer discontinues that equipment category while it is on lease. Removal of the hard drive at end of the lease rather than performing secure erasure to factory and government standards would leave the lessor unable to place that equipment on the secondary market if a replacement hard drive is not attainable.

A requirement that lessors speculate the future cost of a hard drive that may not be available at end of lease and risk inability to secure residual value in the secondary market because the equipment no longer has a hard drive alters the marketplace raising costs to the customer due to increased risk which a lessor must assume. It positions the lessor with having to use conjecture on how much to increase the cost to customers at the front end of a lease to make back residual value in the event the used equipment is not marketable.

ELFA Contact Information for Further Inquiries

Dennis Brown
Vice President, State Government Relations
1825 K Street NW, Suite 900
Washington, DC 20006
Phone: (202) 238-3411 Fax: (202) 238-3401
dbrown@elfaonline.org
www.elfaonline.org