We welcome the release of the new lease accounting standard from the Financial Accounting Standards Board. After many years of anticipating the new standard and attendant uncertainty in the marketplace, companies can now move forward and prepare to adopt it.

The good news is that under the new lease accounting rules, businesses nationwide will continue to enjoy the benefits of engaging in the $1 trillion U.S. equipment finance industry, which promotes business expansion, job creation and U.S. economic growth.

Although the new standard will change how leases are accounted for on corporate balance sheets, it will not impact the ability of companies to acquire productive equipment to grow their businesses. There are many reasons to lease equipment, and the primary reasons will remain intact under the new rules, from maintaining cash flow, to preserving capital, to obtaining flexible financial solutions, to avoiding obsolescence.

We appreciate that the FASB was receptive to input from ELFA members in developing the new standard. The final rules improved significantly from where they began through the release of two Exposure Drafts—in 2010 and in 2013—that generated hundreds of comment letters and other feedback from stakeholders. The resulting two-lease model for lessee accounting is similar to U.S. GAAP today, as are the new rules, in general, for lessor accounting.

We thank the ELFA members, their customers and other stakeholders, including the U.S. Chamber of Commerce, who helped us to engage constructively with the standard setters over the past decade. Ever since the Securities and Exchange
Commission called on the FASB to revamp lease accounting rules as part of an effort to harmonize accounting standards worldwide, our focus has been on ensuring a workable standard that accurately reflects the economics of the lease transaction and does not harm American businesses and the U.S. economy. Without this coordinated effort, we could be facing a far different outcome that could have imposed far more onerous compliance and financial burdens on lessees and lessors.

“Now we enter a new phase of planning for implementation. With the new standard scheduled to take effect in 2019 for public companies and a year later for private firms, now is the time to prepare. ELFA is organizing a number of activities, including a one-day workshop on March 2, and creating a number of new resources, including FAQs and tip sheets, to help lessees and lessors meet the challenges of transitioning to the new rules. We are also developing a work group of experts to be a sounding board on implementation issues that may arise, so we can continue to be a resource to the FASB on the lease accounting rules going forward.”

For more information, please visit the ELFA website at [www.elfaonline.org/Issues/Accounting/](http://www.elfaonline.org/Issues/Accounting/).

**About ELFA**
The Equipment Leasing and Finance Association (ELFA) is the trade association that represents companies in the $1 trillion equipment finance sector, which includes financial services companies and manufacturers engaged in financing capital goods. ELFA members are the driving force behind the growth in the commercial equipment finance market and contribute to capital formation in the U.S. and abroad. Its 580 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packagers and investment banks, as well as manufacturers and service providers. For more information, please visit [www.elfaonline.org](http://www.elfaonline.org). Follow ELFA on Twitter @ELFAonline.

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