
By: Delegate Arnick

Introduced and read first time: February 19, 1996

Assigned to: Commerce and Government Matters

A BILL ENTITLED

1 AN ACT concerning

2 **State Debt - Capital Leases**

3 FOR the purpose of clarifying the definition of capital lease by including certain costs
4 incurred in connection with the acquisition and installation of capital equipment.

5 BY repealing and reenacting, with amendments,
6 Article - State Finance and Procurement
7 Section 8-402
8 Annotated Code of Maryland
9 (1995 Replacement Volume and 1995 Supplement)

10 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
11 MARYLAND, That the Laws of Maryland read as follows:

12 **Article - State Finance and Procurement**

13 8-402.

14 (a) In this subtitle the following terms have the meanings indicated.

15 (b) "Capital equipment" means any item of equipment that, by generally accepted
16 accounting principles, is capitalized for purposes of accounting.

17 (c) "Capital lease" means any lease, conditional sale, installment sale, or similar
18 agreement, defined as a capital lease in accordance with generally accepted accounting
19 principles, that is used to finance:

20 (1) the acquisition or construction of improvements to real property, under
21 § 3-602 of this article; or

22 (2) the acquisition of capital equipment, INCLUDING:

23 (I) THE COST OF INSTALLATION OF CAPITAL EQUIPMENT; AND

24 (II) THE COSTS INCURRED IN CONNECTION WITH THE
25 ACQUISITION OR INSTALLATION OF CAPITAL EQUIPMENT WHEN THOSE COSTS, BY
26 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, MAY BE CAPITALIZED FOR THE
27 PURPOSES OF ACCOUNTING.

28 (d) "Capital lease" includes a master lease.

HOUSE BILL 1324

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1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 1996.