

65.940 Definitions for KRS 65.942 to 65.956.

As used in KRS 65.942 to 65.956, unless the context otherwise requires:

- (1) "Acquire" means to purchase, install, equip, or improve personal property or real property pursuant to KRS 65.942 to 65.956.
- (2) "City" means any municipal corporation of any class incorporated in the Commonwealth.
- (3) "Construct" means building reconstruction, replacement, extension, repairing, betterment, development, equipment, embellishment, or improvement.
- (4) "County" means a political subdivision of the Commonwealth created and established by the laws of the Commonwealth.
- (5) "Governmental agency" means any county, urban-county government, consolidated local government, city, taxing district, special district, school district, or other political subdivision of the Commonwealth or body corporate or politic or any instrumentality of the foregoing.
- (6) "Governing body" means the board, council, commission, fiscal court, or other body or group that is authorized by law to acquire property for each respective governmental agency.
- (7) "Lease" means a lease, lease-purchase, lease with option to purchase, installment sale agreement, or other similar agreement entered into pursuant to KRS 65.942 to 65.956.
- (8) "Lease price" means the total of amounts designated as payments of principal under a lease.
- (9) "Net interest cost" means the total of all interest to accrue and fall due through the last payment due date on a lease, plus any discount or minus any premium included in the lease price.
- (10) "Person" means any individual, corporation, organization, government or governmental subdivision, or agency, business trust, estate, trust, partnership, association, and any other legal entity.
- (11) "Personal property" means personal property, appliances, equipment, or furnishings, or an interest therein, whether movable or fixed, deemed by the governing body of a governmental agency to be necessary, useful, or appropriate to one (1) or more purposes of the governmental agency, but shall not include real property.
- (12) "Real property" means land, buildings, fixtures, and interests in real property, deemed by the governing body of the governmental agency to be necessary, useful, or appropriate to one (1) or more purposes of the governmental agency.
- (13) "Revenue" means all funds received by a governmental agency which are not taxes, including but not limited to excises, transfers, service fees, assessments, and occupational license fees.
- (14) "School district" means any county school district or independent school district organized and existing pursuant to the laws of the Commonwealth.
- (15) "Special district" means any agency, authority, or political subdivision of the Commonwealth which exercises less than statewide jurisdiction and which is

organized for the purpose of performing governmental or other prescribed functions within limited boundaries. It includes all political subdivisions of the Commonwealth except a city, county, or school district.

- (16) "State local debt officer" means the officer so designated in KRS 66.045.
- (17) "Taxes" means taxes properly levied upon real or personal property.
- (18) "Taxing district" means any taxing district created under KRS 65.180 to 65.190.

Effective: July 15, 2002

History: Amended 2002 Ky. Acts ch. 346, sec. 36, effective July 15, 2002. -- Amended 1994 Ky. Acts ch. 508, sec. 24, effective July 15, 1994. -- Created 1990 Ky. Acts ch. 81, sec. 1, effective July 13, 1990.

65.942 Terms and conditions of leases -- Leasing for financing property purchases -- Sinking fund.

- (1) The governing body of a governmental agency may approve by ordinance, order, or resolution and may execute, perform, and make payments under a lease with any person, to acquire or construct personal property or real property for any public purpose. The lease may be on the terms and conditions that are deemed appropriate by the governing body. Leases may be payable in whole or in part from taxes and may be obligations of the governmental agency for the entire term of the lease or for a period that does not exceed one (1) year. Leases may contain an option or options to renew or extend the term and may be made payable from a pledge of all or any part of any revenues, funds, or taxes or any combination of any revenues, funds, or taxes, which are available to the governmental agency for its public purposes.
- (2) A governmental agency may pledge any revenues or taxes as security for payment under leases, and the leases may provide that the governmental agency may terminate its obligations under the lease at the expiration of each year during the term of the lease. A governmental agency may pledge any revenue or taxes as security for payment under a lease regardless of any right to terminate. The lease may provide for the payment of interest on the unpaid amount of the lease price at a rate, rates, or method of determining rates and may contain prepayment provisions, termination penalties, and other provisions determined by the governing body of the governmental agency.
- (3) Prior to entering into a lease for the financing of the purchase of any personal property or real property, a governmental agency shall comply with other provisions of law regarding the purchase of property for public purposes. The lease shall be deemed an instrument for financing and provisions of law regarding purchases of property for public use shall not apply to the lease itself. Leases may be entered into on a publicly advertised competitive basis or on a private negotiated basis without advertisement.
- (4) A sinking fund prescribed by KRS 66.081 shall be established for the payment of leases which are not annually renewable and which are payable in whole or in part from taxes and lease payments under those leases shall be made from the sinking fund.

Effective: July 15, 1996

History: Amended 1996 Ky. Acts ch. 280, sec. 29, effective July 15, 1996. -- Created 1990 Ky. Acts ch. 81, sec. 2, effective July 13, 1990.

**65.944 Notification or approval of state local debt officer, when required --
Approval by chief state school officer, when required.**

- (1) (a) Without first notifying the state local debt officer in writing, no lease may be entered into if the lease price exceeds one hundred thousand dollars (\$100,000). The notification shall contain the terms of the lease, including the lease price, number of optional renewal periods, interest rate, date of issue, purpose, any trustee or paying agent, if any, and any other information the state local debt officer may require. The state local debt officer may prescribe a form for providing the information required by this paragraph.
 - (b) In addition to the notification required by this subsection, no county, except an urban-county, shall enter into a lease if the lease price exceeds five hundred thousand dollars (\$500,000) without first receiving the approval of the lease from the state local debt officer. The state local debt officer may prescribe procedures and adopt regulations for granting approval of the leases.
 - (c) In addition to the notification required by this subsection, no school district shall enter into a lease if the lease price exceeds one hundred thousand dollars (\$100,000) without first receiving the approval of the lease from the chief state school officer. The chief state school officer shall recommend administrative regulations to the State Board of Education for implementation of KRS 65.940 to 65.956.
- (2) The state local debt officer may provide technical and advisory assistance regarding the entering into leases by a governmental agency whose governing body requests assistance.

Effective: July 15, 1994

History: Amended 1994 Ky. Acts ch. 508, sec. 25, effective July 15, 1994. – Amended 1992 Ky. Acts ch. 27, sec. 6, effective March 2, 1992. -- Created 1990 Ky. Acts ch. 81, sec. 3, effective July 13, 1990.

65.946 Maximum term for leases.

A lease for real property may have any term, including renewals, not to exceed forty (40) years. A lease for personal property may have any term, including renewals, not to exceed the useful life of the personal property financed, determined in accordance with generally accepted accounting principles.

Effective: July 13, 1990

History: Created 1990 Ky. Acts ch. 81, sec. 4, effective July 13, 1990.

65.948 Leased property exempt from state and local taxation.

A governmental agency shall be considered the equitable owner of any personal or real property leased under KRS 65.940 to 65.956 where the property is used solely for public purposes, unless the governmental agency is vested with legal ownership pursuant to KRS 65.952. Personal or real property which is equitably or legally owned by a governmental agency shall be exempt from all taxation by the Commonwealth and any of its political subdivisions. Leases and interests therein and payments received by lessors or their assigns which are identified as interest shall be exempt from taxation by the Commonwealth and any of its political subdivisions to the same extent as bonds or notes issued by the Commonwealth and any governmental agency.

Effective: July 13, 1990

History: Created 1990 Ky. Acts ch. 81, sec. 5, effective July 13, 1990.

65.950 Leases as a legal and authorized investment.

A lease or any interest therein entered into pursuant to KRS 65.940 to 65.956 shall be a legal and authorized investment for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees.

Effective: July 13, 1990

History: Created 1990 Ky. Acts ch. 81, sec. 6, effective July 13, 1990.

65.952 Title to property subject to the lease.

A lease may provide that legal title to the real property or personal property subject to the lease may be vested in the governmental agency or in the person acting as lessor under the lease and may be transferred from one to the other under terms provided in the lease.

Effective: July 13, 1990

History: Created 1990 Ky. Acts ch. 81, sec. 7, effective July 13, 1990.

65.954 Construction of KRS 65.940 to 65.956.

KRS 65.940 to 65.956 shall be authority for entering into leases and the performance of the other acts and procedures authorized by KRS 65.940 to 65.956, without reference to any other laws, or any restrictions or limitations contained therein, except as specifically provided in KRS 65.940 to 65.956. If leases are entered into under KRS 65.940 to 65.956, to the extent of any conflict or inconsistency between any provisions of KRS 65.940 to 65.956 and any provisions of any other law, the provisions of KRS 65.940 to 65.956 shall prevail and control, except that any governmental agency may use the provisions of any other law, not in conflict with the provisions of KRS 65.940 to 65.956, to the extent convenient or necessary to carry out any power or authority, express or implied, granted by KRS 65.940 to 65.956. KRS 65.940 to 65.956 shall be liberally construed to effectuate its purpose.

Effective: July 13, 1990

History: Created 1990 Ky. Acts ch. 81, sec. 8, effective July 13, 1990.

65.956 Short title.

KRS 65.940 to 65.956 may be cited as the Governmental Leasing Act.

Effective: July 13, 1990

History: Created 1990 Ky. Acts ch. 81, sec. 9, effective July 13, 1990.