

**MARYLAND JUDICIARY
ADMINISTRATIVE OFFICE OF THE COURTS
PROCUREMENT AND CONTRACT ADMINISTRATION**

**POLICY IMPLEMENTATION MEMORANDUM PCA 010
PROHIBITION OF CAPITAL EQUIPMENT LEASES
October 18, 2005**

References:

None.

Purpose:

To prohibit the use of Capital Leases when leasing office equipment and Information Technology Hardware.

Definitions:

Capital Lease – also known as a lease-purchase agreement. A rent to own purchase plan under which the buyer takes possession of the goods with the first payment and takes ownership with the final payment.

Operating Lease – a lease of property (esp. equipment) for a term that is shorter than the property's useful life.

Office Equipment – office machines that are frequently used such as copiers and mailing equipment.

Information Technology Hardware – items such as computers, servers, routers, etc.

Policy Statement:

This policy prohibits the use of Capital Leases for the lease of office equipment and Information Technology hardware. When leasing equipment, only operating leases may be utilized.

Procedure:

Any Judiciary Department or court related unit(s) requesting a price quote for equipment leasing shall specifically request an operating lease. The quotation shall be submitted to the Office of Procurement and Contract Administration along with an authorized purchase requisition.

**POLICY IMPLEMENTATION MEMORANDUM
PCA 010**

Exceptions:

None.

References:

None.

Approved:

Daniel A. Coleman, J. D.
Executive Director,
Procurement and Contract Administration Department

Approved:

Frank Broccolina
State Court Administrator

Approved:

Robert M. Bell
Chief Judge, Court of Appeals