State Procurement Manual

DOA-3449 N(R06/94) Formerly AD-P-12

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		Effective 1-1-82
Section CONTRACTING, ORDERING, RECEIVING AND PAYMENT	Agencies Affected ALL	Replaces NEW
Title CAPITAL ACQUISITION FINANCING		Page 1 of 1

AUTHORITY: Wis. Stats. 16.52(6)
16.75(4)
16.77

SCOPE:
- to define the basic types of proposals for financing capital acquisitions
- to establish policy for capital acquisition financing

CONTENT:

I. The state has three basic options for financing capital acquisitions:

A. Leasing or lease purchase whereby a capital item is leased by the state for a specified term with the lessor holding the title. In some instances, the contract may provide an opportunity for the state to make an additional payment at the end of the leasing period and receive title to the property.

B. Conditional Sales Contract whereby periodic payments of principal and interest are made. The state builds up equity in the property, but does not obtain clear title until the final contract payment.

C. Collateral Secured Transaction whereby the state takes full title to the property and pledges the property as collateral for a loan used in turn to pay the supplier of the property.

II. Leasing or lease-purchase, Conditional Sales Contracts, and variations on these two types of proposals must be examined on a transaction-by-transaction basis.

III. In agreements requiring periodic payments in excess of funds available, there must be a provision stating that the contract's continuance beyond the limits of funds currently available is contingent upon appropriation of the necessary additional funds.

IV. Proposals for Collateral Secured Transactions may raise legal, constitutional and/or public policy questions, and should not be used unless such questions are resolved.

Authorized:

Director
State Bureau of Procurement