



EQUIPMENT LEASING AND FINANCE ASSOCIATION
1625 Eye Street NW P 202.238.3400
Suite 850 F 202.238.3401
Washington, DC 20006 www.elfaonline.org

Statement of Limited Concern - SB 825
Economic Matters Committee
Wednesday, March 30, 2022

Scott Riehl
Vice President, State Government Relations
Equipment Leasing & Finance Association

My name is Scott Riehl and I lead State Affairs for the [Equipment Leasing and Finance Association \(ELFA\)](#). The linked [Maryland flyer](#) highlights the significant economic impact of our industry, which finances leases of commercial equipment to businesses, cities and municipalities in Maryland and why the final language of Senate Bill 825 will be important to continued growth in the commercial sector in Maryland which continues to be ranked in the top 20 for the amount of equipment financed nationally. Annually Maryland business receive more than \$17 billion in Equipment Lease financing.

California, in being the first state to enact these disclosure protections, **did so understanding the need to protect Equipment Lease transactions**. For reference and historical context, before reading further, please view this short video where [CA Senator Glazer Explains Need to Exempt Equipment Financing](#). Since California enacted their protections in 2018, New York followed suit in 2020, continuing the important protection of Equipment Lease transactions. We greatly appreciate the sponsor's wiliness to continue protecting/Exempting our UCC 2A referenced Equipment Lease transactions, doing so SB 825 is in line with all of the other states who have introduced similar legislation. Those states include Connecticut, Missouri, Mississippi, New Jersey, North Carolina and Utah.

ELFA does not desire to impede the sponsor's legislation and its important protections we simply hope to address a small, but important oversight detected in the protection/exemption of a specific category of equipment lease transactions.

ELFA Limited Request and Reasoning

Since California and New York both exempted our Equipment Lease transactions we learned that our "**Captives**" members were not covered (exempted).

These "Captives" are those companies like Caterpillar, and CNH and Volvo who manufacture and self-finance the leasing of their equipment. This is the massive construction and agricultural equipment that the Captives are able to give businesses and cities and municipalities, in most instances, better financing than if they financed from outside bank or financial institutions.

We have successfully corrected this coverage and obtained this Captives exemption in the Missouri, Mississippi, and Utah bill language. We are currently working with leadership in New York, New Jersey, and Connecticut to address this oversight and hope you will deem these limited amendments worthy of this committee's support. Please find below the amendments to Senate Bill 825's exemption section in **bold and in red**, that we believe will help fully protect these Captive transactions, equipment lease transactions that were never intended to be incumbered. As California Senator Steve Glazer stated in support of his groundbreaking financial disclosure legislation, "we want more fair lending, not less." We agree and hope these amendments will protect that and continue to acknowledge Equipment Lease transactions were never the intended focus of these needed protections.

We greatly appreciate the sponsor's and this committee's consideration of our limited concerns and stand ready to answer any questions.

Respectfully,

/s/ Scott Riehl

Scott Riehl | Vice President , State Government Relations
EQUIPMENT LEASING AND FINANCE ASSOCIATION -
[1625 Eye Street NW, Suite 850 | Washington, DC 20006](#)
C: [\(202-368-2704\)](tel:202-368-2704)
Email:sriehl@elfaonline.org | www.elfaonline.org

ELFA Requested Amendments:

12-1102.10

THIS SUBTITLE DOES NOT APPLY TO:

(1) (I) A FINANCIAL INSTITUTION A FEDERAL OR STATE BANK, CREDIT UNION, OR SAVINGS ASSOCIATION; OR

(II) A SUBSIDIARY OR AFFILIATE OF AN ORGANIZATION LISTED IN ITEM (I) OF THIS ITEM;

(2) A PERSON ACTING AS A TECHNOLOGY SERVICES PROVIDER TO AN ENTITY EXEMPT UNDER THIS SECTION FOR USE AS PART OF THE ENTITY'S COMMERCIAL FINANCING PROGRAM IF THE PERSON DOES NOT HAVE AN INTEREST, ARRANGEMENT, OR AGREEMENT TO PURCHASE ANY INTEREST IN THE COMMERCIAL FINANCING EXTENDED BY THE ENTITY IN CONNECTION WITH THE COMMERCIAL FINANCING PROGRAM;

(3) A LENDER REGULATED UNDER THE FEDERAL FARM CREDIT ACT;

(4) A COMMERCIAL FINANCING TRANSACTION SECURED BY REAL PROPERTY;

(5) A LEASE AS DEFINED IN ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE **AND AN ARTICLE 9 PURCHASE MONEY TRANSACTION OF GOODS OR SOFTWARE;**

(6) A PROVIDER OR OTHER PERSON WHO MAKES NO MORE THAN FIVE COMMERCIAL FINANCING TRANSACTIONS IN THE STATE IN A 12-MONTH PERIOD;

(7) A COMMERCIAL FINANCING TRANSACTION OVER \$2,500,000;
OR

(8) A COMMERCIAL FINANCING TRANSACTION:
SENATE BILL 825

(I) IN WHICH THE RECIPIENT IS:

1. A DEALER, OR AN AFFILIATE OF A DEALER, AS DEFINED IN § 11-111 OF THE TRANSPORTATION ARTICLE;

2. ANY ENTITY PRINCIPALLY ENGAGED IN THE BUSINESS OF MAKING COMMERCIAL FINANCING PRODUCTS IN CONNECTION WITH THE PURCHASE OR LEASE OF PRODUCTS MANUFACTURED OR DISTRIBUTED BY ITS DIRECT OR INDIRECT PARENT COMPANY OR ANY DIRECT OR INDIRECT SUBSIDIARY THEREOF;

3. A RENTAL VEHICLE COMPANY, OR AN AFFILIATE OF A RENTAL VEHICLE COMPANY, AS DEFINED IN § 18-108 OF THE TRANSPORTATION ARTICLE; ...