

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.