



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Chief Financial Officer and**  
**Assistant Secretary for Administration**  
Washington, D.C. 20230

Monica R. Valentine  
Executive Director  
Federal Accounting Standards Advisory Board  
Washington, DC

Dear Ms. Valentine:

The Department of Commerce has reviewed the Exposure Drafts a) *Implementation Guidance for Leases* and b) *Omnibus Amendments to Leases-Related Topics* dated November 2, 2020.

Please find enclosed answers to the questions that were asked of respondents. If you have any questions, please contact me at (202) 482-2715 or [ksalzer@doc.gov](mailto:ksalzer@doc.gov).

Sincerely,

KRISTIN SALZER

Digitally signed by KRISTIN  
SALZER  
Date: 2021.02.04 14:35:17 -05'00'

Kristin Salzer  
Director of Financial Reporting and Policy

Enclosure

cc: Julie Tao  
Bruce Henshel  
Christine Pham

Exposure Draft Questions for Respondents (QFR)  
and Specific Matters for Comment (SMC)

Due: February 5, 2021

*Implementation Guidance for Leases & Omnibus Amendments to Leases-Related Topics*

**Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."**

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

**Please provide your name.**

Name:

**Please identify your organization, if applicable.**

Organization:

*Please email your responses to [fasab@fasab.gov](mailto:fasab@fasab.gov). If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.*

**QFR 1** Do you generally support the proposed Statement and TR proposals as a whole? Please provide reasons for your views.

**Department of Commerce Response:**

The Department generally supports the proposed Statement and TR proposals as a whole. The proposed Statement and TR provide additional guidelines and clarifications that will help the Department and agencies implement SFFAS 54 consistently and effectively. The Department has been actively participating in the FASAB workgroup that contributed to the development of these Exposure drafts.

**QFR 2** Are there specific aspects of the proposed Statement and/or TR that you disagree with? If so, please explain the reasons for your positions, the paragraph number(s), and/or topic area(s) of the proposals that are related to your positions, and any alternatives you propose and the authoritative basis for such alternatives.

*Implementation Guidance for Leases & Omnibus Amendments to Leases-Related Topics***Department of Commerce Response:**

The Department respectfully requests that the edit contained in paragraph 25 of the *Omnibus Amendments to Leases-Related Topics* Exposure Draft of removing leasehold improvements as a component of PP&E be deleted. The Department believes that leasehold improvements should continue to be reported as PP&E because leasehold improvements are normally purchased and utilized by the reporting entity until such time that the facility is no longer occupied. Furthermore, the removal of leasehold improvements from PP&E does not also address to agencies where leasehold improvements would be reported on the Balance Sheet.

- QFR 3** Are you aware of any implementation issues that are not addressed in the proposed Statement and/or TR? Do any ambiguous areas remain that could lead to challenges with implementing SFFAS 54 requirements? If so, please provide examples of the issues and any references to applicable guidance, and/or topic area(s) related to the issues, and any potential solutions you propose.

**Department of Commerce Response:**

The Department would like to see if FASAB can address the substantially differing treatment of leases between SFFAS 54 and OMB Circular A-11, Appendix B, *Budgetary Treatment of Lease-Purchases and Leases of Capital Assets*. We understand that several agencies, including the Department, are very concerned that the differing treatments will result in a significantly higher effort and burden to account for leases under both methods of accounting.

The Department recommends that FASAB consider the use of the phrase “does not appear to be unreasonable” in paragraphs 44 and 81, which may cause confusion to readers. Instead, the use of the word “reasonable” may be more straightforward to readers; alternatively, FASAB may want to consider adding more elaboration on what is intended by the phrase “does not appear to be unreasonable”.

- QFR 4** Are there specific aspects of these proposals that you favor or otherwise wish to provide comments on?

**Department of Commerce Response:**

The Department favors the scenario-based TR because it helps users visualize and understand the intent of the Standard itself.

- SMC 1** Is the proposed guidance under paragraph 4 of the proposed TR applicable to federal lease scenarios to your knowledge? Please provide feedback regarding the usefulness of the proposed guidance in the context of those scenarios and/or the extent to which

*Implementation Guidance for Leases & Omnibus Amendments to Leases-Related Topics*

you believe the proposed guidance addresses implementation issues under potential scenarios. Please describe any alternative views or suggestions for improvement.

**Department of Commerce Response:**

To the Department's knowledge, the proposed guidance under paragraph 4 of the proposed TR is applicable to federal lease scenarios, as discussed in the second paragraph. The second paragraph provides guidance regarding an intragovernmental lease where the lessee may be charged less than the full cost incurred by the lessor.

- SMC 2** Please provide feedback regarding the usefulness of the proposed guidance under paragraph 13 of the proposed TR and/or the extent to which you believe the proposed guidance addresses implementation issues related to federal oil and gas leases. Please describe any alternative views or suggestions for improvement.

**Department of Commerce Response:**

The Department does not have any relevant feedback regarding paragraph 13 of the proposed TR to provide since we do not have experience regarding oil and gas-related transactions.

- SMC 3** Is the proposed guidance under paragraph 95 of the proposed TR potentially applicable to intragovernmental transactions that are similar to a sale-leaseback to your knowledge? Please provide feedback regarding the usefulness of the proposed guidance in the context of those scenarios and/or the extent to which you believe the proposed guidance addresses implementation issues under potential scenarios. Please describe any alternative views or suggestions for improvement.

**Department of Commerce Response:**

The Department does not have any relevant feedback regarding paragraph 95 of the proposed TR to provide since we do not have significant experience with sale-leaseback transactions.

- SMC 4** Is the proposed guidance under paragraph 98 of the proposed TR applicable to existing and/or potential intragovernmental lease-leaseback transactions to your knowledge? Please provide feedback regarding the usefulness of the proposed guidance in the context of those scenarios and/or the extent to which you believe the proposed guidance addresses implementation issues under potential scenarios. Please describe any alternative views or suggestions for improvement.

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