

Omnibus Amendments: Technical Clarifications Addressing Lessee and Lessor Discount Rates and Sale-leasebacks

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Please provide your name.

Name: **Christian Hellie,
Deputy Chief Financial Officer**

Please identify your organization, if applicable.

Organization: **Social Security Administration (SSA)**

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

This proposed Statement would address certain ongoing areas of concern related to leases implementation that were not addressed in SFFAS 60, *Omnibus Amendments 2021*, including:

- clarifying the Board's original intent for discounting lease liabilities and receivables, which should result in a more consistent and comparable application of SFFAS 54, *Leases*, requirements; and
- clarifying the applicability of paragraphs 89-92 of SFFAS 54 to intragovernmental sale-leasebacks and the disclosure requirements applicable to them

QFR 1 Do you agree or disagree with the proposed amendments to address discounting lease liabilities and receivables, as reflected in paragraphs 3-7 (amending par. 42, 47-48, and 59 of SFFAS 54), and the Board's basis for such proposals? Please provide the rationale for your answer.

SSA Response: We concur with FASAB's proposed amendments to address discounting leases by providing that if the interest rate is not stated in the lease agreement, the interest rate should be based on marketable Treasury securities with similar maturity to the end of the lease term (or round down to the nearest Treasury maturity term with a published rate). In addition, we concur that the discount rate used should be consistent with the Treasury rate on the date of initial lease liability recognition.

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QFR 2 Do you agree or disagree with the proposed amendments to clarify the applicability of paragraphs 89-92 of SFFAS 54 to intragovernmental sale-leasebacks and the disclosure requirements applicable to them, as reflected in paragraphs 8-9, and the Board's basis for such proposals? Please provide the rationale for your answer.

SSA Response: We concur that the proposed amendment to footnote 11 of paragraph 89 of SFFAS 54 clarifies (as the Board intended) that sale-leasebacks are applicable to intragovernmental leases. We also concur that the proposed amendments provide that disclosures on the terms and conditions of the sale-leaseback transactions are required.