

Incremental Borrowing Rate for Use in Preparation of Lease Agreement Data form

It is required that the lessee will use their own incremental borrowing rate as a discount rate when calculating the present value of the minimum lease payments at the beginning of the lease term unless the lessee is aware of the lessor's implicit rate of return and the lessor's rate of return is less than the lessee's incremental borrowing rate. The State's (lessee's) incremental borrowing rate is based on bond sale rates during the fiscal year. For Fiscal Year 2009, the 5 year rate is 2.2303% and the 20 year rate is 4.0024%. Use the rate that is most appropriate based on the lease term.