



WISCONSIN CATHOLIC CONFERENCE

TESTIMONY IN OPPOSITION TO SENATE BILL 637 AND ASSEMBLY BILL 759: RENT-TO-OWN TRANSACTIONS

**Presented to the Senate Committee on Agriculture, Small Business and Tourism,
and the Assembly Committee on Jobs and the Economy**

By Barbara Sella, Associate Director

January 30, 2018

On behalf of the Wisconsin Catholic Conference (WCC), I thank you for this opportunity to testify in opposition to Senate Bill 637 and Assembly Bill 759, which would remove regulation of rent-to-own (RTO) transactions from the Wisconsin Consumer Act (WCA).

Our opposition is grounded both in Catholic social teaching – with its emphasis on the dignity of human life and special concern for the poor and marginalized – and in the practical experience of our Catholic Charities agencies and Society of St. Vincent de Paul councils, who regularly minister to families in need.

Staff at these charitable organizations tell us that rent-to-own agreements, and similar transactions that burden people with high interest rates and expensive loan agreements, are major causes of financial hardship for low-income families. This was affirmed by the Archbishop of Milwaukee, Jerome E. ListECKi, in a statement he made in 2013, when there was a similar effort to diminish consumer protections for RTO transactions. His position and ours have not changed.

The current proposal is of particular concern for the following reasons:

1. In addition to exempting RTOs from the Wisconsin Consumer Act, the proposal specifically exempts RTO transactions and agreements from the Uniform Commercial Code, which provides additional safeguards for consumers.
2. It eliminates many consumer protections involving RTO fraud or misrepresentation.
3. It removes federal Truth-in-Lending Act disclosures, including interest rate disclosures.
4. It removes clear disclosure of processing charges, delivery fees, optional fees, and other charges.
5. It removes warning to consumers not to sign agreements with blanks, which can leave customers vulnerable to fraud.

6. It entitles RTOs to immediate possession of the property, if customers are late on payments. The WCA currently requires 15 days before repossession and opportunity to cure the default.

7. It makes it more difficult for consumers to recoup attorney's fees or take punitive or injunctive legal action against RTO companies that have wronged them.

Simply put, if Senate Bill 637 and Assembly Bill 759 become law, Wisconsin will be opening its doors to businesses that have not served other states well. The personal finance website NerdWallet, in conjunction with a news media outlet, published an investigative series this year on RTOs, focusing on the problems that other states have encountered with Rent-A-Center, one of the largest rent-to-own retailers nationwide.¹ In Ohio, Republican Attorney General Mike DeWine has offered a severe critique of Rent-A-Center² and as a result of his experience specifically recommends avoiding RTOs altogether.³

It is a tragic circumstance of poverty that those who are least able to pay for goods often end up paying the most. Public policy should not compound that tragedy by encouraging business practices which take undue advantage of the poor to proliferate in our state.

Finally, just last month, Governor Walker signed Wisconsin Act 94, requiring financial literacy instruction in grades K to 12. It makes little sense today for the Legislature to make special concessions to an industry that seeks to roll back certain basic consumer protections and that refuses to disclose the type of information that students will be taught to seek out in financial transactions.

For these reasons, we respectfully urge you to retain current law, which requires that RTOs abide by the Wisconsin Consumer Act. It has protected Wisconsin consumers well and still allowed law-abiding, state-based rent-to-own businesses to thrive.

Thank you.

¹ For one of the NerdWallet articles, see <https://www.nerdwallet.com/blog/finance/rent-to-own-complaints-spur-federal-scrutiny>. The remainder can be found in the article's right-hand column.

² http://www.dailyindependent.com/national/retailer-of-last-resort/article_3f121586-c0c3-11e7-9b19-5b0df0055d1f.html.

³ <http://www.ohioattorneygeneral.gov/Files/Publications-Files/Publications-for-Consumers/On-Your-Own-But-Not-Alone-%28PDF%29.aspx>