



WISCONSIN CATHOLIC CONFERENCE

TO: Senator Dan Feyen, Chair
Members, Senate Committee on Government Operations, Labor and Economic Development

FROM: David Earleywine, Associate Director

DATE: January 7, 2026

RE: Opposition to SB 737 and AB 742, Lease-Purchase Agreements

On behalf of the Wisconsin Catholic Conference (WCC), the public policy voice of Wisconsin's Catholic bishops, thank you for this opportunity to testify in opposition to Senate Bill 737 and Assembly Bill 742, which would remove regulation of lease-purchase agreements, commonly called rent-to-own (RTO) transactions, from the Wisconsin Consumer Act (WCA).

Our opposition is grounded in Catholic social teaching with its emphasis on the dignity of human life and special concern for the poor and marginalized. Church teaching has long held that the economy should serve people, not the other way around. Our opposition is also grounded in the practical experience of our Catholic Charities agencies and Society of St. Vincent de Paul councils across the state, who regularly minister to families in need. Staff at these charitable organizations tell us that RTO / lease-purchase 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.

Life's necessities are a human right, but they should not be obtained through contracts that can amount to usury (lending at unreasonably high rates of interest). The *Catechism of the Catholic Church* condemns usury, and points out that exploiting people living in poverty is theft:

Even if it does not contradict the provisions of civil law, any form of unjustly taking and keeping the property of others is against the seventh commandment: thus, deliberate retention of goods lent or of objects lost; business fraud; paying unjust wages; forcing up prices by taking advantage of the ignorance or hardship of another.¹

The Church in Wisconsin has opposed various versions of this bill through the years, most recently in 2013, 2015, and 2018.² In 2013, Archbishop Listecki stated that, "Government has a responsibility to

¹ Catechism of the Catholic Church, no 2409.

² See *Archbishop Speaks Out Against Rent to Own Companies, Hispanic Chamber of Commerce-Milwaukee* (April 26, 2013), <https://www.archmil.org/News/Archbishop-Speaks-Out-on-Rent-.htm>; *Coalition Letter to Legislature: Oppose Rent-to-Own Giveaway in State Budget* (June 29, 2015), <https://pirg.org/wisconsin/articles/coalition-letter-to-legislature-oppose-rent-to-own-giveaway-in-state-budget/>; and *Coalition to Legislature: Oppose Rent-to-Own Exemptions in State Budget* (September 5, 2017), https://www.wisconsinatholic.org/wp-content/uploads/2019/04/Coalition_JFC_RTO_Sign-On_Letter_UPDATED_9_2017_1_.pdf.

ensure that the market operates in a free, transparent, and honest manner. This is why the Wisconsin Consumer Act is so valuable. It ensures that consumers are not misled or exploited.”

Rent-to-Own Agreements are Predatory

The RTO industry largely targets individuals experiencing poverty and marginalization. A 2019 report from the National Consumer Law Center found that nearly 4 in 5 RTO customers earn less than \$40,000 annually, and 3 in 5 are racial or ethnic minorities.³ RTO customers typically pay more than double the price of a product.⁴ Even the Wisconsin Department of Financial Institutions notes:

Purchasing merchandise from a Rental-Purchase store usually costs more than purchasing the merchandise from a department or appliance store. In reviewing agreements from the industry, the Department of Financial Institutions has found on average this expense to be between two to five times as much.⁵

In other words, individuals struggling to make ends meet end up paying more. That’s not solving an affordability crisis, it’s worsening it.

Wisconsin does not need to open 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 RTOs in 2017, focusing on the problems that other states have encountered with Rent-A-Center, one of the largest rent-to-own retailers nationwide.⁶ Furthermore, a 2024 study examined the rise of virtual rent-to-own (VirTOs), expanding into products as diverse as vehicle repairs, pet ownership, and medical devices.⁷ A VirTO provider purchases a product from a retailer online which then rents the product back to the consumer. Because the products rented through VirTOs are not practical to return, they function as disguised credit.

Particular Concerns with SB 737 and AB 742

The bills do not provide true consumer protections for Wisconsin residents:

- They exempt RTOs from the Wisconsin Consumer Act (WCA), which offers some of the strongest consumer protections in the nation.
- They do not require disclosure of the transaction’s annual percentage rate (APR). In order for consumers to make informed financial decisions, APR is the agreed upon metric to do so.

³ National Consumer Law Center, *The Rent to Own Racket: Using Criminal Courts to Coerce Payments from Vulnerable Families* (2019), <https://www.nclc.org/wp-content/uploads/2022/09/report-rent-to-own-racket.pdf>.

⁴ Jim Hawkins, *Renting the Good Life*, 49 Wm. & Mary L. Rev. 2041 (2008), <https://scholarship.law.wm.edu/wmlr/vol49/iss6/4>.

⁵ Wisconsin Department of Financial Institutions, *Rent-to-Own Agreements (Rental-Purchase Agreements)* <https://dfi.wi.gov/Pages/ConsumerServices/WisconsinConsumerAct/RentToOwn.aspx>.

⁶ For one of the NerdWallet articles, see <https://www.foxbusiness.com/features/rent-to-own-complaints-spur-federal-scrutiny>.

⁷ Floyd, Carrie, *New Tech, Old Problem: The Rise of Virtual Rent-to-Own Agreements* (August 1, 2023). 65 Boston College Law Review 3 (2024) pg. 763-832, <http://dx.doi.org/10.2139/ssrn.4551827>.

- They do not offer real consumer protections such as caps on interest rates or true safeguards for repossession, cancellation, or liability.
- They do not cap the percentage above cash sale price. Progressive Leasing’s own cost estimator states: “The standard lease-to-own agreement offers 12 months to ownership and could cost more than double the cash price.”⁸ We know that at least double, if not triple, can be the case.
- They require some disclosures of fees, but do not require most of those disclosures to be clear, obvious, conspicuous, or identified in a particular way. This could allow companies to try and obfuscate processing charges, delivery fees, optional fees, and other possible charges.
- Supporters of these bills argue that they should be exempt from the WCA because they do not provide credit sales and can be beneficial to those with low or no credit. Yet, on the bottom of Progressive Leasing’s website (one of the supporters of these bills), it is written that, “Progressive Leasing obtains information from credit bureaus, but a credit history is not required. Not all applicants are approved.”⁹

Conclusion

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 predatory business practices which take advantage of the poor to proliferate in our state.

Wisconsin residents will not be served by this legislation. Predatory and usurious business practices such as RTO impoverish people, leading to worse outcomes including evictions, family breakdown, increased crime, poorer educational outcomes, etc.

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 allows law-abiding, state-based rent-to-own businesses to operate.

Finally, I’d like to close with a quote from an FTC Commissioner in 2020:¹⁰

Defenders of this business model contend that it provides a valuable choice for consumers whose only credit options are equally bad or worse. But I cannot believe that our only options for ensuring access to alternative financing for consumers who deserve full economic inclusion is to permit such abusive “choices.” Today, Progressive chooses not to operate in states that afford additional protections to consumers and caps on interest rates, but other rent-to-own businesses do. If such protections were expanded, I do not believe that the players in an \$8.5 billion industry would simply take their ball and go home—my bet is they would find a way to offer their products for a little less profit and a lot less harm.

Thank you.

⁸ <https://www.progleasing.com/myaccount/onboarding/estimator>.

⁹ <https://www.progleasing.com/en/>.

¹⁰ Dissenting Statement of Commissioner Rebecca Kelly Slaughter Regarding *FTC v. Progressive Leasing* (April 20, 2020) <https://www.ftc.gov/legal-library/browse/cases-proceedings/public-statements/dissenting-statement-commissioner-rebecca-kelly-slaughter-regarding-ftc-v-progressive-leasing>.