



## WISCONSIN CATHOLIC CONFERENCE

### FOR IMMEDIATE RELEASE

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### WISCONSIN CATHOLIC CONFERENCE OPPOSES RENT-TO-OWN BILLS

On January 7 and 8, the Wisconsin Catholic Conference (WCC), the public policy voice of Wisconsin's Catholic bishops, testified 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. Rent-to-own transactions are structured for individuals to rent household goods via monthly payments with an option purchase at the end of the agreement.

The RTO industry largely targets individuals experiencing poverty and marginalization. The Wisconsin Department of Financial Institutions found that on average RTO transactions cost between two to five times as much as purchasing from a department or appliance store. Individuals struggling to make ends meet end up paying the price. Far from making consumer goods more affordable, consumers with poor or no credit end up paying far more for goods and risk losing the goods in the end. This does not solve affordability issues as the RTO industry claims, but only exacerbates it.

Church teaching has long held that the economy should serve people, not the other way around. Life's necessities are a human right, but they should not be obtained through contracts that can amount to usury (*Catechism of the Catholic Church* 2409). The Church in Wisconsin has opposed various versions of these bills over the years, grounded in Catholic social teaching with its emphasis on the dignity of human life and special concern for the poor and marginalized. Catholic Charities agencies and Society of St. Vincent de Paul councils across the state have experienced how RTO and similar transactions that burden people with high interest rates and expensive loan agreements are major causes of financial hardship for families with low incomes.

SB 737 and AB 742 do not provide true consumer protections for Wisconsin residents. The bills 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) or offer true safeguards such as caps on interest rates, caps on the percentage above cash sale price, clear disclosure of all fees, and consumer protections in repossession, cancellation, or liability. RTO businesses already operate in Wisconsin under the WCA and nothing prevents new businesses from entering the state as long as they comply with the WCA.

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. Read the WCC's full testimony [here](#).

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