



## WISCONSIN CATHOLIC CONFERENCE

### TESTIMONY ON ASSEMBLY BILL 582: RENT-TO-OWN LEGISLATION

Presented to the Assembly Financial Institutions Committee  
By Barbara Sella, Associate Director  
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On behalf of the Wisconsin Catholic Conference, I thank you for the opportunity to testify on Assembly Bill 582.

Our opposition to the bill is grounded both in Catholic social teaching – with its emphasis on the dignity of the human person, the common good, and special concern for the poor and vulnerable – and in the practical experience of Catholic agencies that are dedicated to serving families in economic need.

On numerous occasions, Pope John Paul II affirmed the benefits of free market policies, noting in one of his encyclicals that the “free market is the most efficient instrument for utilizing resources and effectively responding to needs.” (*Centesimus annus* #34).

However, the Pope also understood that a free economy “presumes a certain equality between the parties, such that one party would not be so powerful as practically to reduce the other to subservience.” For this reason, the government “has the task of determining the juridical framework within which economic affairs are to be conducted, and thus of safeguarding the prerequisites of a free economy” (*Centesimus annus* #15).

In light of this teaching, we believe it would be a mistake for the Legislature to enact Assembly Bill 582. This bill would not only exempt rent-to-own (RTO) businesses from the Wisconsin Consumer Act, it would actually prohibit the disclosure of “any percentage rate calculation, including a time-price differential, an annual percentage rate, or an effective annual percentage rate.”

Prohibiting such disclosures is not in the best interest of consumers, particularly the poor and vulnerable, who are also likely to be the least informed.

By most measures, RTO agreements resemble credit transactions more than they do rental agreements, which is why Wisconsin is one of a handful of states that treats them like credit transactions and requires the disclosure of interest rates.

Lawmakers must also consider that if RTOs were to gain these concessions, what other industries would seek identical or similar exemptions?

Our Catholic Charities and St. Vincent de Paul agencies confirm that one of the tragic circumstances of poverty is 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 businesses that depend on ignorance and indebtedness.

In conclusion, allow me to quote from testimony on RTOs provided on July 26, 2011, by the Federal Trade Commission (FTC) before the House Financial Institutions and Consumer Credit Subcommittee. The FTC concluded that it supports efforts to “improve disclosures by making them clear, conspicuous, understandable, and useful for consumers when they shop for and compare products and services” (see p. 11 at <http://www.ftc.gov/os/testimony/110726renttoowntestimony.pdf>).

Since AB 582 would prohibit such disclosures, we respectfully urge you not to advance it.

Thank you.