

**Senate Committee on Agriculture, Financial Institutions  
and Insurance**

Room 18 South State Capitol, PO Box 7882, Madison WI 53707-7882  
(608) 266-0703

**Senator Dale W. Schultz, Chairman**

Committee Clerk. John O'Brien

**COMMITTEE BALLOT**

**PLEASE COMPLETE AND RETURN THIS BALLOT AS SOON AS POSSIBLE**

Senator Dale Schultz  
Room # 18 South  
State Capitol  
Madison, WI 53707-7882

From;  
Senator Dale Schultz, Chairman

Dear Senator Schultz,

On Tuesday March 2, 2004, our committee held a public hearing on Senate Bill 486 and Senate Substitute 1 (LRB s0402 attached) to Senate Bill 486. Relating to: regulation of rental-purchase agreements and granting rule-making authority.

Subsequent to the hearing Senator Brown, the author introduced a technical amendment (LRB a2476 attached), to Senate Substitute 1 to Senate Bill 486.

Based on the testimony received by the committee during the public hearing, the Chair respectfully requests your vote on the following motions.

Motion for Introduction of; (LRB s0402 attached), Senate Substitute Amendment 1 to Senate Bill 486.

Aye  Nay

Motion for Introduction and Adoption of Senate Amendment 1 to Senate Substitute Amendment 1 to Senate Bill 486, LRB s2476

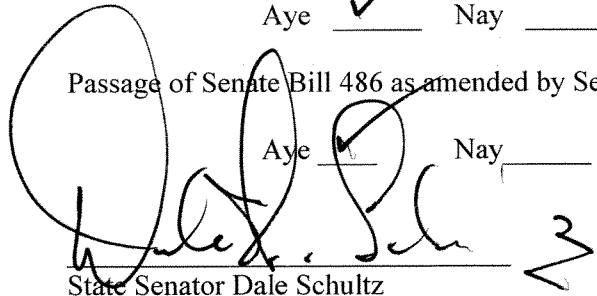
Aye  Nay

Motion for Adoption of Senate Substitute Amendment 1 to Senate Bill 486 as Amended by Senate Amendment 1.

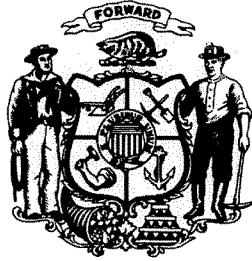
Aye  Nay

Passage of Senate Bill 486 as amended by Senate Substitute Amendment 1.

Aye  Nay

  
State Senator Dale Schultz

3/2/04  
Date



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**Senator Dale W. Schultz, Chairman**

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**COMMITTEE BALLOT**

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Senator Ron Brown  
Room # 104 South  
State Capitol  
Madison, WI 53707-7882

From;  
Senator Dale Schultz, Chairman

Dear Senator Brown,

On Tuesday March 2, 2004, our committee held a public hearing on Senate Bill 486 and Senate Substitute 1 (LRB s0402 attached) to Senate Bill 486. Relating to: regulation of rental-purchase agreements and granting rule-making authority.

Subsequent to the hearing Senator Brown, the author introduced a technical amendment (LRB a2476 attached), to Senate Substitute 1 to Senate Bill 486.

Based on the testimony received by the committee during the public hearing, the Chair respectfully requests your vote on the following motions.

Motion for Introduction of; (LRB s0402 attached), Senate Substitute Amendment 1 to Senate Bill 486.

Aye X      Nay \_\_\_\_\_

Motion for Introduction and Adoption of Senate Amendment 1 to Senate Substitute Amendment 1 to Senate Bill 486, LRB s2476

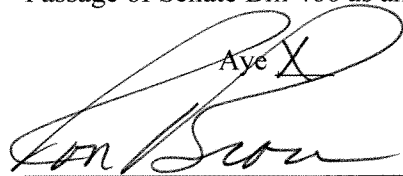
Aye X      Nay \_\_\_\_\_

Motion for Adoption of Senate Substitute Amendment 1 to Senate Bill 486 as Amended by Senate Amendment 1.

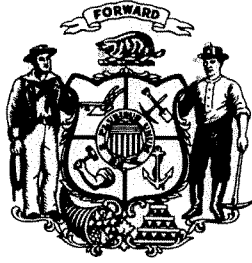
Aye X      Nay \_\_\_\_\_

Passage of Senate Bill 486 as amended by Senate Substitute Amendment 1.

Aye X      Nay \_\_\_\_\_

  
\_\_\_\_\_  
State Senator Ron Brown

3/2/04  
Date



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***Senator Dale W. Schultz, Chairman***

Committee Clerk, John O'Brien

**COMMITTEE BALLOT**

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Senator Neal Kedzie  
Room # 313 South  
State Capitol  
Madison, WI 53707-7882

From;  
Senator Dale Schultz, Chairman

Dear Senator Kedzie,

On Tuesday March 2, 2004, our committee held a public hearing on Senate Bill 486 and Senate Substitute 1 (LRB s0402 attached) to Senate Bill 486. Relating to: regulation of rental-purchase agreements and granting rule-making authority.

Subsequent to the hearing Senator Brown, the author introduced a technical amendment (LRB a2476 attached), to Senate Substitute 1 to Senate Bill 486.

Based on the testimony received by the committee during the public hearing, the Chair respectfully requests your vote on the following motions.

Motion for Introduction of; (LRB s0402 attached), Senate Substitute Amendment 1 to Senate Bill 486.

Aye ✓      Nay     

Motion for Introduction and Adoption of Senate Amendment 1 to Senate Substitute Amendment 1 to Senate Bill 486, LRB s2476

Aye ✓      Nay     

Motion for Adoption of Senate Substitute Amendment 1 to Senate Bill 486 as Amended by Senate Amendment 1.

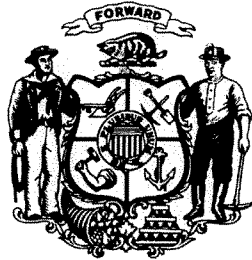
Aye ✓      Nay     

Passage of Senate Bill 486 as amended by Senate Substitute Amendment 1.

Aye ✓      Nay     

  
State Senator Neal Kedzie

3/2/04  
Date



**Senate Committee on Agriculture, Financial Institutions  
and Insurance**

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***Senator Dale W. Schultz, Chairman***

Committee Clerk. John O'Brien

**COMMITTEE BALLOT**

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Senator Julie Lassa  
Room 3 South  
State Capitol  
Madison, WI 53707-7882

From;  
Senator Dale Schultz, Chairman

Dear Senator Lassa,

On Tuesday March 2, 2004, our committee held a public hearing on Senate Bill 486 and Senate Substitute 1 (LRB s0402 attached) to Senate Bill 486. Relating to: regulation of rental-purchase agreements and granting rule-making authority.

Subsequent to the hearing Senator Brown, the author introduced a technical amendment (LRB a2476 attached), to Senate Substitute 1 to Senate Bill 486.

Based on the testimony received by the committee during the public hearing, the Chair respectfully requests your vote on the following motions.

Motion for Introduction of; (LRB s0402 attached), Senate Substitute Amendment 1 to Senate Bill 486.

Aye X      Nay \_\_\_\_\_

Motion for Introduction and Adoption of Senate Amendment 1 to Senate Substitute Amendment 1 to Senate Bill 486, LRB s2476

Aye X      Nay \_\_\_\_\_

Motion for Adoption of Senate Substitute Amendment 1 to Senate Bill 486 as Amended by Senate Amendment 1.

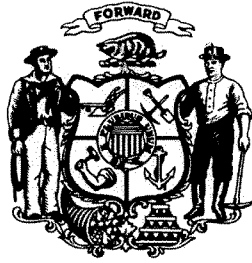
Aye X      Nay \_\_\_\_\_

Passage of Senate Bill 486 as amended by Senate Substitute Amendment 1.

Aye X      Nay \_\_\_\_\_

  
State Senator Julie Lassa

3/2/04  
Date



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and Insurance**

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**Senator Dale W. Schultz, Chairman**  
Committee Clerk, John O'Brien

**COMMITTEE BALLOT**

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Senator Dave Hansen  
Room # 319 South  
State Capitol  
Madison, WI 53707-7882

From;  
Senator Dale Schultz, Chairman

Dear Senator Hansen,

On Tuesday March 2, 2004, our committee held a public hearing on Senate Bill 486 and Senate Substitute 1 (LRB s0402 attached) to Senate Bill 486. Relating to: regulation of rental-purchase agreements and granting rule-making authority.

Subsequent to the hearing Senator Brown, the author introduced a technical amendment (LRB a2476 attached), to Senate Substitute 1 to Senate Bill 486.

Based on the testimony received by the committee during the public hearing, the Chair respectfully requests your vote on the following motions.

Motion for Introduction of: (LRB s0402 attached), Senate Substitute Amendment 1 to Senate Bill 486.

Aye  \_\_\_\_\_ Nay \_\_\_\_\_

Motion for Introduction and Adoption of Senate Amendment 1 to Senate Substitute Amendment 1 to Senate Bill 486, LRB s2476

Aye  \_\_\_\_\_ Nay \_\_\_\_\_

Motion for Adoption of Senate Substitute Amendment 1 to Senate Bill 486 as Amended by Senate Amendment 1.

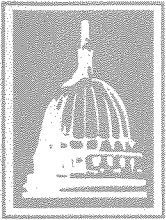
Aye  \_\_\_\_\_ Nay \_\_\_\_\_

Passage of Senate Bill 486 as amended by Senate Substitute Amendment 1.

Aye  \_\_\_\_\_ Nay \_\_\_\_\_

Dave Hansen  
State Senator Dave Hansen

3/02/04  
Date



# Wisconsin Merchants Federation

*"The Voice of Wisconsin Retailing"*

1 East Main Street, Suite 305  
Madison, Wisconsin 53703  
Telephone 608/257-3541  
Fax 608/257-8755  
E-mail wmf@supranet.net

## MEMORANDUM

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& General Counsel**  
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**V.P./Operations**  
Mary C. Kaja

**TO:** Members of the Senate Agriculture, Financial Institutions and Insurance Committee

**FROM:** Doug Johnson, Sr. VP & General Counsel

**DATE:** March 2, 2003

**RE:** SB 486 Support Rent to Own

### Nothing Happens Until Somebody Sells Something

The Wisconsin Merchants Federation asks for your support of SB 486. WMF members focus their attention on making the marketplace free and competitive. We support legislation that does just that...legislation like SB 486.

Consumer choice is critical to a competitive market. Consumers should be able to purchase merchandise by cash, check or credit card. All we ask is that consumers don't steal or give our members bad checks (a problem that Senator Stepp and many of you are already addressing thru AB 651 Main Street Crime).

Consumers should have the choice to rent merchandise with the option to own it rather than make an outright purchase. Current law denies that rental choice. SB 486 fixes that problem.

WMF members were involved at the very outset with the creation of the Wisconsin Consumer Act. Our members are well aware of its requirements and protections. Extending them to "rent to own" transactions makes sense. Treating rent to own transactions as consumer credit transactions makes no sense.

The price and terms disclosures required by SB 486 are understandable. Requiring an annual percentage rate to apply is as confusing as it is inapplicable. SB 486 uses the California model of price and terms disclosure. It works there. It will work here.

Thank you for your support of SB 486.

**OVERVIEW OF CHANGES  
TO SB 486  
IN  
THE SUBSTITUTE AMENDMENT**

The following is a list of the important enhancements to SB 486 in the substitute amendment:

- 1. Regulation of rental-purchase transactions under the Wisconsin Consumer Act.** As originally drafted, SB 486 would have regulated rental-purchase agreements outside of the Wisconsin Consumer Act, although SB 486 included many strong consumer protections similar to those in the WCA. The substitute amendment folds this critical legislation into the text of the Consumer Act itself, providing rental-purchase consumers with a combination of consumer protections not proposed before. This initiative represents one of the most significant additions to the Consumer Act since its enactment over 30 years ago.
- 2. Limitations on "Self-help repossession".** The substitute amendment includes significant limitations on the right of self-help repossessions in rental-purchase transactions. Specifically, the substitute would require rental-purchase companies to limit contact with lessees to telephone contacts only during the initial 2 days following the termination of a rental-purchase agreement. If the lessee does not decide whether or not to renew the agreement or return the property to the company, the company must wait an additional 48 hours before contacting the lessee at his or her home or dwelling. These provisions are intended to reduce the opportunity for potentially confrontational contact between a delinquent lessee and the rental-purchase company in the critical days following the rental renewal due date. SB 486 did not contain any such protections.
- 3. Limitations on Cash Prices in Rental-Purchase Transactions:** SB 486 limited the total of payments under a rental-purchase transaction to no more than twice the cash selling price of the rental property. The substitute maintains this limit on the total of payments, but goes a significant step further to limit the cash price for rented property to no more than twice the actual amount the rental-purchase company paid for the goods. Taken together, these limitations represent some of the most restrictive pricing regulations of rental-purchase transactions in the country, while maintaining a fair balance between the needs of the consumer and the needs of the merchants. The Wisconsin Consumer Act does not limit the amount merchants may charge under consumer credit transactions.
- 4. Increased grace periods on late payments:** The substitute amendment increases the grace period on late payments to 7 days from 5 days on monthly rental agreements.
- 5. Improved early purchase option formula:** The substitute amendment provides for a more consistent and generous early purchase option formula, making it easier and in many instances less expensive for consumers to acquire ownership of the rented property if they so desire.
- 6. Enhanced enforcement authority for the Administrator:** The substitute includes a provision identical to the WCA that permits the Administrator to file civil actions against non-complying rental-purchase companies and to obtain appropriate fines and penalties for proved non-compliance.

**The substitute also applies many Consumer Act protections otherwise available only under the Act itself. Overall, the substitute significantly improves the consumer protection aspects of SB 486, while maintaining the important distinctions between the rental-purchase transaction and other transactions regulated under the Consumer Act.**





**CONSUMER LAW LITIGATION CLINIC**

**TESTIMONY ON SB 486 (Regulation of Rent-to-Own Agreements)**

**BEFORE THE SENATE COMMITTEE ON AGRICULTURE,  
FINANCIAL INSTITUTIONS AND INSURANCE**

**March 2, 2004**

Dear Committee members,

Good morning. My name is Professor Stephen Meili. Ben Winig and I thank you for the opportunity to testify concerning SB 486, which would exempt the rent-to-own industry from the Wisconsin Consumer Act (WCA). We are here on behalf of the Consumer Law Litigation Clinic to express the Clinic's strong opposition to this proposal. The Clinic has represented thousands of consumers in cases governed by the Act, and many of our clients have been customers of the rent-to-own industry. Our opposition to the proposed bill rests on one simple, yet very significant fact: the proposed legislation would remove existing consumer protections that have effectively controlled rent-to-own practices in Wisconsin over the past 25 years. This is bad public policy and bad for Wisconsin consumers.

Aside from creating a carve-out for the rent-to-own industry that exists for no other enterprises, we have three specific reservations to the proposed legislation that particularly concern us. First, as you may be aware, under most rent-to-own contracts, a consumer makes weekly or monthly payments for the desired good, and if s/he fulfills all payment obligations, s/he has the option to purchase and own the good outright. However, after making all the required payments, the consumer typically has paid two to three times the fair market value of

the item, which is why the interest rate on rent-to-own transactions typically exceeds 200%. This bill, if enacted, would permit rent-to-own companies to conceal these exorbitant interest rates, thereby depriving consumers of the most effective means of making informed choices in the credit marketplace. Contrary to what the industry asserts, these rent-to-own transactions *are* credit sales that should be governed by the WCA. In fact, at least three separate Wisconsin courts have held that since rent-to-own contracts allow for consumers to purchase products outright, the industry must therefore comply with the WCA's interest-rate disclosure requirement. Unfortunately, the industry continues to attempt an end-run around these decisions—which is why we are here today.

Second, this bill would exempt rent-to-own enterprises from the Act's prohibition against so-called "self-help repossession," or repossession without legal process. The new law would permit rent-to-own companies – alone among non-agricultural creditors in Wisconsin - to bypass this judicial safeguard, increasingly the likelihood of violent confrontations between merchants and consumers and making it less likely that consumers will cure their default.

Lastly, and perhaps most significantly, if the proposed bill is enacted it will set a dangerous precedent for the political process in Wisconsin. It would send a signal to all businesses currently covered by the WCA that if they continually petition and pressure the State Legislature, they too can become exempt from the WCA's consumer safeguards. This would represent a severe setback for Wisconsin consumers, particularly in light of Wisconsin's proud record of providing consumer protections to all of its citizens, regardless of socioeconomic status.

For the last 25 years, Wisconsin has been a leader, not a follower, in the area of consumer protection—particularly in relation to the rent-to-own industry. Back in 1999, while opposing a

previous attempt by the rent-to-own industry to exempt itself from the WCA, then-Attorney General Jim Doyle warned, "If enacted, the rent-to-own industry would obtain special treatment, and rent-to-own customers would be stripped of consumer protections afforded by Wisconsin law for over 25 years." He then added, "Wisconsin's most vulnerable citizens deserve strong consumer protections laws, too." Similarly, in vetoing a subsequent attempt by the rent-to-own industry to evade the WCA in 2001, then-Governor McCallum stated, "When you step back, and get out of the political arena, there just seems to be an inherent fairness in knowing what the interest rate is." The Clinic could not agree more with these statements by Wisconsin's current and former Governors. We urge you to endorse this bi-partisan rejection of special treatment for the rent-to-own industry by opposing this proposed legislation.

Thank you.