

ASSEMBLY BILL 594 (LRB -2682)

An Act to repeal 425.204 (3); to amend 425.205 (1) (intro.), 425.206 (1) (intro.), 425.206 (1) (a), 425.206 (1) (b) and 425.207 (2); and to create 425.205 (1g) and 425.206 (1) (d) of the statutes; relating to: repossession of goods in consumer credit transactions and certain consumer leases.

2005

09-29. A. Introduced by Representatives **Hundertmark, Freese, Van Roy, Hahn, Hines, Townsend, Ballweg, Strachota, LeMahieu, Ainsworth, Suder, Lamb, Schneider** and **Vos**; cosponsored by Senators **Leibham, Harsdorf, Wirch** and **Olsen**.

08-02. A. Read first time and referred to committee on Financial Institutions 427

09-29. A. Public hearing held.

10-20. A. Representative Shilling added as a coauthor 530

11-09. A. Assembly amendment 1 offered by Representative Hundertmark (**LRB a1246**) 595

11-10. A. Executive action taken.

11-17. A. Report Assembly Amendment 1 adoption recommended by committee on Financial Institutions, Ayes 10, Noes 5 623

11-17. A. Report passage as amended recommended by committee on Financial Institutions, Ayes 10, Noes 5 623

11-17. A. Referred to committee on Rules 623

12-13. A. Assembly substitute amendment 1 offered by Representative Hundertmark (**LRB s0335**) 664

12-13. A. Placed on calendar 12-15-2005 by committee on Rules.

12-13. A. Made a special order of business at 11:09 A.M. on 12-15-2005 pursuant to Assembly Resolution 45 674

12-15. A. Read a second time 691

12-15. A. Assembly amendment 1 to Assembly substitute amendment 1 offered by Representative Hundertmark (**LRB a1892**) 691

12-15. A. Assembly amendment 1 to Assembly substitute amendment 1 **adopted** 691

12-15. A. Assembly substitute amendment 1 **adopted** 692

12-15. A. Ordered to a third reading 692

12-15. A. Rules suspended 692

12-15. A. Read a third time and **passed**, Ayes 64, Noes 29, Paired 2 692

12-15. A. Ordered immediately messaged 692

12-16. S. Received from Assembly 503

12-16. S. Read first time and referred to committee on Job Creation, Economic Development and Consumer Affairs 504

12-19. S. Withdrawn from committee on Job Creation, Economic Development and Consumer Affairs and rereferred to committee on Judiciary, Corrections and Privacy, pursuant to Senate Rule 46 (2)(c) 505

2006

01-18. S. Executive action taken.

01-24. S. Report introduction and adoption of Senate Substitute Amendment 1 recommended by committee on Judiciary, Corrections and Privacy, Ayes 4, Noes 1 (**LRB s0469**) 549

01-24. S. Report concurrence as amended recommended by committee on Judiciary, Corrections and Privacy, Ayes 3, Noes 2 549

01-24. S. Available for scheduling.

03-08. S. Placed on calendar 3-9-2006 by committee on Senate Organization.

03-09. S. Read a second time.

03-09. S. Placed on the calendar of 3-9-2006 following Assembly Bill 708.

03-09. S. Read a second time.

03-09. S. Senate substitute amendment 1 laid on table.

03-09. S. Ordered to a third reading.

03-09. S. Rules suspended.

03-09. S. Read a third time and **concurred in**.

03-09. S. Ordered immediately messaged.

03-09. A. Received from Senate concurred in 937

**2005
ENROLLED BILL**

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ADOPTED DOCUMENTS:

Orig

Engr

A SubAmdt 1

05 S 0335 / 4

Amendments to above (if none, write "NONE"):

AA1 - a 1892/1

Corrections - show date (if none, write "NONE"):

None

Topic

Rel

3-13-06

Date

JR Miller

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**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2005 ASSEMBLY BILL 594**

December 13, 2005 - Offered by Representative HUNDERTMARK.

1 **AN ACT** *to repeal* 425.204 (3); *to renumber and amend* 425.202 and 425.401;
2 *to amend* 425.206 (1) (intro.), 425.206 (1) (a), 425.206 (1) (b), 425.207 (2) and
3 427.105 (2); and *to create* 425.202 (2), 425.205 (1g), 425.206 (1) (d), 425.2065
4 and 425.401 (2) of the statutes; **relating to:** repossessions of motor vehicles and
5 providing a penalty.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

6 **SECTION 1.** 425.202 of the statutes is renumbered 425.202 (intro.) and amended
7 to read:

8 **425.202 Definition: “collateral” Definitions.** (intro.) For purposes of this
9 chapter, “collateral”:

10 **(1)** “Collateral” means goods subject to a security interest in favor of a
11 merchant which secures a customer’s obligations under a consumer credit
12 transaction.

1 **SECTION 2.** 425.202 (2) of the statutes is created to read:

2 425.202 (2) "Motor vehicle" has the meaning given in s. 218.0101 (22).

3 ~~**SECTION 3.** 425.204 (3) of the statutes is repealed.~~

INSERT 1

4 **SECTION 4.** 425.205 (1g) of the statutes is created to read:

5 425.205 (1g) (a) A merchant may not take possession of motor vehicle collateral
6 or goods subject to a motor vehicle consumer lease under s. 425.206 (1) (d), unless the
7 merchant gives, by mail, the customer a notice containing all of the following
8 information:

9 1. The name, address, and telephone number of the merchant, a brief
10 identification of the consumer credit transaction, and a brief description of the
11 collateral or goods.

12 2. A statement that, as a result of the customer's default on the consumer credit
13 transaction, the merchant may have the right to take possession of the collateral or
14 goods without further notice or court proceeding.

15 3. A statement that if the customer is not in default or objects to the merchant's
16 right to take possession of the collateral or goods, the customer may, no later than
17 15 days after the merchant has given the notice, demand that the merchant proceed
18 in court by notifying the merchant in writing.

19 4. A statement that if the merchant proceeds in court, the customer may be
20 required to pay court costs and attorney fees.

21 (b) The information required under par. (a) may be combined with any other
22 notice, except that if the customer has a right to cure under s. 425.105, the
23 information required under par. (a) shall be combined with the notice of right to cure
24 under s. 425.104.

1 (c) A merchant is presumed to have given notice under par. (a) if the merchant
2 sent the notice by certified or registered mail. A merchant who fails to give notice
3 under par. (a) by certified or registered mail is subject to the penalties specified in
4 s. 425.302 (1), but such failure does not constitute a failure to comply with s. 425.206
5 (1) (d).

6 **SECTION 5.** 425.206 (1) (intro.) of the statutes is amended to read:

7 425.206 (1) (intro.) Notwithstanding any other provision of law, no merchant
8 may take possession of collateral or goods subject to a consumer lease in this state
9 ~~by means other than legal process in accordance with this subchapter except when~~
10 any of the following apply:

11 **SECTION 6.** 425.206 (1) (a) of the statutes is amended to read:

12 425.206 (1) (a) The customer has surrendered the collateral or leased goods;

13 **SECTION 7.** 425.206 (1) (b) of the statutes is amended to read:

14 425.206 (1) (b) Judgment for the merchant has been entered in a proceeding
15 for recovery of collateral or leased goods under s. 425.205, or for possession of the
16 collateral or leased goods under s. 425.203 (2); ~~or,~~

17 **SECTION 8.** 425.206 (1) (d) of the statutes is created to read:

18 425.206 (1) (d) For motor vehicle collateral or goods subject to a motor vehicle
19 consumer lease, the customer has not made a demand as specified in s. 425.205 (1g)
20 (a) 3. and, no sooner than 15 days after the merchant gives the notice specified in s.
21 425.205 (1g) (a), the merchant has taken possession of the collateral or goods in
22 accordance with sub. (2).

23 **SECTION 9.** 425.2065 of the statutes is created to read:

24 **425.2065 Notice to law enforcement.** (1) In this section, “law enforcement
25 agency” means the police department, combined protective services department

1 under s. 61.66, or sheriff, that has primary responsibility for providing police
2 protection services in the city, village, or town in which a repossession is expected to
3 occur.

4 (2) A merchant who repossesses motor vehicle collateral or goods subject to a
5 motor vehicle consumer lease under s. 425.206 (1) (d), or a person who repossess such
6 collateral or goods on behalf of the merchant, shall notify, verbally or in writing, the
7 law enforcement agency about the repossession. The notification shall include the
8 names of the customer, merchant, and, if applicable, the person who repossesses the
9 collateral or goods on behalf of the merchant. The notification shall also include a
10 description of the collateral or goods. Notification under this subsection shall be
11 made before the repossession occurs.

12 (3) Failure to comply with this subsection does not constitute a failure to
13 comply with s. 425.206 (1) (d).

14 **SECTION 10.** 425.207 (2) of the statutes is amended to read:

15 425.207 (2) A merchant who reasonably believes that a customer has
16 abandoned collateral or goods subject to a consumer lease may take possession of
17 such collateral or leased goods and preserve it. However, the customer may recover
18 such collateral or leased goods upon request unless at the time of request ~~the~~
19 ~~customer has surrendered the collateral or leased goods, or judgment for the~~
20 ~~merchant has been entered in a proceeding for recovery of collateral or leased goods~~
21 ~~under s. 425.205 or in a judgment described in s. 425.203 (2) perfected the right to~~
22 possession under s. 425.206 (1) (a), (b), or (d). A merchant taking possession of
23 collateral or leased goods pursuant to this section shall promptly send notification
24 to the customer's last-known address of such action and of the customer's right to
25 recover such collateral or leased goods under this section. If the collateral or leased

1 goods are recovered by the customer pursuant to this section, it shall be returned to
2 the customer at the location where the merchant took possession of such collateral
3 or leased goods pursuant to this section or, at the option of the merchant, at such
4 other location designated by the customer; and any expense incurred by the
5 merchant in taking possession of, holding and returning the collateral or leased
6 goods to the customer shall be borne by the merchant. If after taking possession of
7 collateral or leased goods pursuant to this subsection, the merchant perfects the
8 right to possession ~~through a surrender by the customer or a judgment under s.~~
9 ~~425.203 (2) or 425.205~~ under s. 425.206 (1) (a), (b), or (d), the customer is liable for
10 the expenses set forth in s. 409.615 (1). In determining such expenses, leased goods
11 shall be considered collateral under s. 409.615 (1). However, a customer is not liable
12 for expenses of holding the collateral or leased goods from the time the merchant
13 takes possession until the merchant perfects the right to possession in the manner
14 provided in this subsection.

15 **SECTION 11.** 425.401 of the statutes is renumbered 425.401 (1) and amended
16 to read:

17 425.401 (1) ~~A~~ Except as provided in sub. (2), a person who willfully and
18 knowingly engages in any conduct or practice in violation of chs. 421 to 427 may be
19 fined not more than \$2,000.

20 **SECTION 12.** 425.401 (2) of the statutes is created to read:

21 425.401 (2) A person who intentionally violates s. 425.2065 (2) may be fined not
22 more than \$500.

23 **SECTION 13.** 427.105 (2) of the statutes is amended to read:

24 427.105 (2) If a customer establishes that the customer was induced to
25 surrender collateral ~~(, as defined in s. 425.202) (1)~~, by conduct of the merchant which

1 violates this chapter, the customer shall be entitled to a determination of the right
2 to possession of the collateral pursuant to s. 425.205 (1) (e) in any action brought
3 under this subchapter, and if the customer prevails on such issue, in addition to any
4 other damages under this subchapter, the customer shall be entitled to recover
5 possession of the collateral if still in the merchant's possession, together with actual
6 damages for the customer's loss of use of the collateral.

7 (END)

**ASSEMBLY AMENDMENT 1,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2005 ASSEMBLY BILL 594**

December 15, 2005 - Offered by Representative HUNDERTMARK.

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 2, line 3: delete that line and substitute:

3 **"SECTION 3m.** 425.204 (3) of the statutes is amended to read:

4 425.204 (3) The surrender of collateral by a customer is not a voluntary
5 surrender if it is made pursuant to a request or demand, other than a notice under
6 s. 425.205 (1g) (a), by the merchant for the surrender of the collateral, or if it is made
7 pursuant to a threat, statement, or notice, other than a notice under s. 425.205 (1g)
8 (a), by the merchant that the merchant intends to take possession of the collateral."

9 (END)