



## 2025 ASSEMBLY BILL 742

December 3, 2025 - Introduced by Representatives GUSTAFSON, MCCARVILLE, SWEARINGEN, KNODL, SPIROS, KRUG, KREIBICH, PIWOWARCZYK, BROWN, DESMIDT, ORTIZ-VELEZ, STUBBS and PRADO, cosponsored by Senators TOMCZYK, DRAKE, SMITH, JAMES, L. JOHNSON and FEYEN. Referred to Committee on Ways and Means.

- 1 **AN ACT to create** chapter 420 of the statutes; **relating to:** regulation of lease-  
2 purchase agreements for personal property and creating a cause of action.

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### *Analysis by the Legislative Reference Bureau*

This bill creates a new regulatory framework for lease-purchase agreements for personal property.

Under current law, a consumer credit transaction that is entered into for personal, family, or household purposes is generally subject to the Wisconsin Consumer Act (consumer act). The consumer act grants consumers certain rights and remedies and contains notice and disclosure requirements and prohibitions relating to consumer credit transactions, including credit sales and consumer leases that have a term of more than four months. In addition, the consumer act applies to any other consumer lease if the lessee pays or agrees to pay at least an amount that is substantially equal to the value of the leased property and if the lessee will become, or for not more than a nominal additional payment has the option to become, the owner of the leased property.

The bill defines a “lease-purchase agreement” as an agreement for the use of personal property (goods) by an individual (consumer) if 1) the goods are to be used for personal, family, or household purposes; 2) the agreement is for an initial period of four months or less and is automatically renewable with each payment after the initial period, but does not obligate the consumer to continue renting the goods beyond the initial period; and 3) the agreement permits the consumer to become the owner of the goods. A “lessor” is a person who regularly provides the use of goods

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under lease-purchase agreements and to whom periodic payments are initially payable under the lease-purchase agreement.

Under the bill, a lease-purchase agreement must be in writing, designated "lease-purchase agreement," dated, signed by the consumer and lessor, and completed as to all essential provisions. The lessor must provide the consumer with a copy of the agreement. The agreement must include the disclosures described below, above the line for the consumer's signature, and these disclosures must be made on or before the date the consumer enters into the agreement. The agreement must be available to a consumer in any language in which the lessor advertises.

The bill requires a lessor to disclose in each lease-purchase agreement all of the following to the extent applicable:

1. The period for periodic payments (for example, weekly or monthly), the dollar amount of each payment, and the total number and total dollar amount of all periodic payments necessary to acquire ownership of the goods.

2. A statement that the consumer will not own the goods until the consumer has paid the total amount necessary to acquire ownership.

3. A statement advising the consumer whether the consumer is liable for loss or damage to the goods and, if so, a statement as to the limit of this liability (as discussed below).

4. A brief description of the goods, including whether the goods are new or used.

5. A statement of the cash-sale price of the goods. The "cash-sale price" is defined as the price stated in the lease-purchase agreement for which the lessor would have sold and the consumer would have bought the goods if the transaction had been a sale for cash.

6. The total amount of initial payments paid or required on or before the date the consumer enters into the lease-purchase agreement.

7. A statement that the total amount of payments necessary to acquire ownership of the goods does not include other charges or fees and a statement of all other charges or fees.

8. A statement clearly summarizing the terms of the consumer's early purchase option.

9. A statement describing responsibility for maintaining or servicing the goods.

10. A statement that the consumer may terminate the lease-purchase agreement without penalty by voluntarily surrendering or returning the goods in good repair, reasonable wear and tear excepted, along with any past-due periodic payments, upon expiration of any lease period.

11. Notice of the right to reinstate the lease-purchase agreement (as discussed below).

12. A notice stating the following: "Do not sign this agreement before you read it or if it contains blank spaces. You are entitled to a copy of the agreement you sign."

The bill also prohibits certain provisions in a lease-purchase agreement,

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including a confession of judgment; a security interest in the consumer's property; a wage assignment; the consumer's waiver of claims or defenses; authorization to enter the consumer's premises unlawfully or to commit a breach of the peace in repossessing the goods; requiring the consumer to purchase insurance or a liability damage waiver from the lessor; requiring the consumer to make a balloon payment or additional payments to acquire ownership of the goods; and requiring the consumer to pay multiple reinstatement fees on a periodic payment or a late charge in addition to a reinstatement fee.

The bill requires a lessor, upon request by the consumer, to provide the consumer with a written receipt for each payment made. The bill also requires a lessor to include in a lease-purchase agreement an early purchase option, the terms of which are governed by the agreement. Under the bill, if a consumer is liable for loss or damage to goods, the consumer's liability may not exceed the fair market value of the goods as of the time they are lost or damaged. The bill also requires the lessor, if the consumer acquires ownership of goods covered by an express warranty, to transfer the warranty to the consumer if allowed by the terms of the warranty.

Under the bill, a consumer who fails to make a timely payment may reinstate the lease-purchase agreement without losing any rights or options under the agreement by paying, within five days after the end of the payment period (renewal date) if periodic payments are monthly or within two days if periodic payments are more frequent, all of the following: 1) all past-due lease charges; 2) if the goods were picked up by the lessor, the reasonable costs of pickup and redelivery of the goods to the consumer; and 3) any applicable reinstatement fee. However, if the consumer returned the goods to the lessor within seven days of the renewal date, the consumer has at least 21 days from the date the goods were returned to reinstate the lease-purchase agreement, except that the consumer has at least 30 days if the consumer has paid at least two-thirds of the total of payments necessary to acquire ownership of the goods. Upon reinstatement, if the consumer no longer has possession of the goods, the lessor must provide the consumer with the same goods, if available, or with substitute goods of comparable quality and condition. A lessor's repossession of goods (if authorized under other law) during the reinstatement period does not affect the consumer's right to reinstate.

Under the bill, if the lessor and consumer renegotiate any term of the lease-purchase agreement that is a required disclosure identified in items 1 to 12 above, the change requires a new lease-purchase agreement that includes all the disclosures identified in items 1 to 12 above. However, this does not include certain changes, such as a change to the date of the periodic payment, deferral or waiver of a periodic payment, or reinstatement of a lease-purchase agreement.

The bill also governs advertisements that solicit consumers to enter into lease-purchase agreements. If the advertisement refers to the dollar amount of a periodic payment and the right to acquire ownership of specific goods, the advertisement must also state 1) that the transaction advertised is a lease-purchase agreement; 2) the total number and total amount of periodic payments necessary to acquire ownership of the goods; and 3) that the consumer acquires no ownership rights in the goods unless the total amount necessary to acquire ownership is paid. If goods



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1 for which the lessor would have sold and the consumer would have bought the goods  
2 that are the subject of the lease-purchase agreement if the transaction had been a  
3 sale for cash. “Cash-sale price” may include taxes and charges for delivery,  
4 installation, servicing, repairs, alterations, or improvements.

5 (3) “Consumer” means an individual who rents goods, to be used primarily for  
6 personal, family, or household purposes, under a lease-purchase agreement and  
7 who resides in this state at the time of executing the lease-purchase agreement.

8 (4) “Goods” means personal property that a consumer acquires the right to  
9 use under a lease-purchase agreement.

10 (5) “Lease-purchase agreement” means an agreement for the use of goods by  
11 an individual if all of the following apply:

12 (a) The goods are to be used for personal, family, or household purposes.

13 (b) The agreement is for an initial period of 4 months or less.

14 (c) The agreement is automatically renewable with each payment after the  
15 initial period under par. (b), but the agreement does not obligate the consumer to  
16 continue renting or using the goods beyond the initial period.

17 (d) The agreement permits the consumer to become the owner of the goods.

18 (6) “Lease-purchase property” means personal property that is owned by the  
19 lessor at the time it is physically displayed and offered to a consumer as the subject  
20 of, but prior to the execution of, a lease-purchase agreement.

21 (7) “Lessor” means a person who regularly provides the use of goods under a  
22 lease-purchase agreement and to whom periodic payments are initially payable  
23 under the lease-purchase agreement.

1           **420.02 Exempted transactions; relationship to other law.** (1) This  
2 chapter does not apply to any of the following:

3           (a) An agreement for the use of personal property primarily for business,  
4 commercial, or agricultural purposes.

5           (b) A lease of a safe deposit box.

6           (c) A lease or bailment of personal property that is incidental to the lease of  
7 real property and that provides that the consumer has no option to purchase the  
8 leased personal property.

9           (d) A lease of a motor vehicle, as defined in s. 218.0101 (22).

10          (e) A lease of a mobile home, as defined in s. 101.91 (10).

11          **(2)** Lease-purchase agreements that comply with this chapter are not  
12 governed by any provision of chs. 401 to 427 and 429.

13          **420.03 General requirements for lease-purchase agreements.** (1) A  
14 lease-purchase agreement shall be in writing, dated, signed by the consumer and  
15 lessor, and completed as to all essential provisions.

16          **(2)** The printed or typed portion of the lease-purchase agreement, other than  
17 instructions for completion, shall be in at least 8-point type size. The lease-  
18 purchase agreement shall be designated "lease-purchase agreement."

19          **(3)** The lessor shall deliver to the consumer a copy of the lease-purchase  
20 agreement as accepted by the consumer. Until the lessor provides the copy in this  
21 manner, a consumer who has not received delivery of the goods that are the subject  
22 of the lease-purchase agreement has the right to rescind the lease-purchase  
23 agreement and receive a refund of all payments made. An acknowledgment by the

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1 consumer of delivery of a copy of the lease-purchase agreement shall be in boldface  
2 type of at least 10-point type size and, if contained in the lease-purchase  
3 agreement, shall appear directly above the consumer's signature.

4 (4) The lease-purchase agreement shall contain the names of the lessor and  
5 consumer, the lessor's business address, and the residence or other address of the  
6 consumer as specified by the consumer.

7 (5) The lessor shall disclose to the consumer, in the lease-purchase agreement  
8 above the line for the consumer's signature, the disclosures required by s. 420.04.  
9 The disclosures shall be made on or before the date the consumer enters into the  
10 lease-purchase agreement. In a transaction involving more than one lessor, only  
11 one lessor is required to make the disclosures, but all lessors are bound by the  
12 disclosures. If a disclosure becomes inaccurate as a result of any act or occurrence  
13 or any agreement by the consumer after delivery of the required disclosures, the  
14 resulting inaccuracy is not a violation of this chapter.

15 (6) If a lessor provides an advertisement in a language other than English,  
16 the lessor shall have lease-purchase agreements printed in the same language as  
17 the advertisement and shall make those lease-purchase agreements available to  
18 consumers.

19 **420.04 Disclosures.** A lessor shall disclose in each lease-purchase  
20 agreement all of the following, to the extent applicable:

21 (1) Whether the periodic payment is weekly, monthly, or otherwise, the dollar  
22 amount of each payment, and the total number and total dollar amount of all  
23 periodic payments necessary to acquire ownership of the goods.

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1           (2) A statement that the consumer will not own the goods until the consumer  
2 has paid the total amount necessary to acquire ownership of the goods.

3           (3) A statement advising the consumer whether the consumer is liable for loss  
4 or damage to the goods and, if so, a statement that the liability will not exceed the  
5 fair market value of the goods as of the time they are lost or damaged.

6           (4) A brief description of the goods, sufficient to identify the goods to the  
7 consumer and the lessor, including an identification number, if applicable, and a  
8 statement indicating whether the goods are new or used. A statement that  
9 indicates new goods are used is not a violation of this chapter.

10           (5) A statement of the cash-sale price of the goods, but if one lease-purchase  
11 agreement involves a lease of 2 or more goods as a set, a statement of the aggregate  
12 cash-sale price of all goods satisfies this requirement.

13           (6) The total amount of initial payments paid or required on or before the date  
14 the consumer enters into the lease-purchase agreement.

15           (7) A statement that the total amount of payments disclosed under sub. (1)  
16 does not include other charges or fees and a statement of all other charges or fees.

17           (8) A statement clearly summarizing the terms of the consumer's option to  
18 purchase, including a statement that the consumer has the right to exercise an  
19 early purchase option and the price to exercise the early purchase option or the  
20 formula or method for determining this price.

21           (9) A statement identifying the party responsible for maintaining or servicing  
22 the goods while they are being rented, together with a description of that  
23 responsibility and a statement that if any part of a manufacturer's express

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1 warranty covers the goods at the time the consumer acquires ownership of them,  
2 the warranty shall be transferred to the consumer, if allowed by the terms of the  
3 warranty.

4 (10) A statement that the consumer may terminate the lease-purchase  
5 agreement without penalty by voluntarily surrendering or returning the goods in  
6 good repair, reasonable wear and tear excepted, along with any past-due periodic  
7 payments, upon expiration of any lease period.

8 (11) Notice of the right to reinstate a lease-purchase agreement, as provided  
9 in s. 420.06.

10 (12) The following notice printed or typed in boldface type of at least 10-point  
11 type size:

12 “NOTICE TO THE CONSUMER

13 Do not sign this agreement before you read it or if it contains blank spaces.

14 You are entitled to a copy of the agreement you sign.”

15 **420.05 Prohibited provisions.** A lease-purchase agreement may not  
16 contain any of the following provisions:

17 (1) A confession of judgment.

18 (2) A negotiable instrument.

19 (3) A security interest or any other claim of a property interest in any  
20 property of the consumer.

21 (4) A wage assignment.

22 (5) A waiver by the consumer of claims or defenses.

23 (6) A provision authorizing the lessor or a person acting on the lessor's behalf

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1 to enter upon the consumer's premises unlawfully or to commit any breach of the  
2 peace in the repossession of goods.

3 (7) A provision requiring the consumer to purchase insurance or a liability  
4 damage waiver from the lessor for goods that are the subject of the lease-purchase  
5 agreement.

6 (8) A provision that failure to return goods constitutes probable cause for a  
7 criminal action.

8 (9) A provision requiring the consumer to make a payment in addition to  
9 periodic payments in order to acquire ownership of the goods or a provision  
10 requiring the consumer to make periodic payments totaling more than the dollar  
11 amount necessary to acquire ownership as disclosed under s. 420.04 (1).

12 (10) A provision for more than one reinstatement fee on any one periodic  
13 payment, regardless of the period of time during which it remains unpaid.

14 (11) A provision requiring the consumer to pay a late charge or any other type  
15 of charge or penalty for reinstating a lease-purchase agreement, other than a  
16 reinstatement fee, except that a lessor may use the term "late charge" or a similar  
17 term to refer to a reinstatement fee.

18 **420.06 Reinstatement.** (1) Subject to subs. (2) and (3), a consumer who  
19 fails to make a timely periodic payment under a lease-purchase agreement may  
20 reinstate the lease-purchase agreement without losing any rights or options that  
21 exist under the lease-purchase agreement by paying the following charges within 5  
22 days after the renewal date of a lease-purchase agreement with monthly or less

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1 frequent periodic payments or within 2 days after the renewal date of a lease-  
2 purchase agreement requiring periodic payments more frequently than monthly:

3 (a) All past-due periodic payments or other fees or charges related to the  
4 lease-purchase agreement.

5 (b) If the goods have been picked up by or on behalf of the lessor, the  
6 reasonable costs of pickup from and redelivery to the consumer.

7 (c) Any applicable reinstatement fee.

8 **(2)** If a consumer has paid less than two-thirds of the total of payments  
9 necessary to acquire ownership of the goods under a lease-purchase agreement and  
10 has returned or voluntarily surrendered the goods, other than through judicial  
11 process, within 7 days after the renewal date, the consumer may reinstate the  
12 lease-purchase agreement during a period of not less than 21 days after the date  
13 the goods were returned or surrendered.

14 **(3)** If a consumer has paid two-thirds or more of the total of payments  
15 necessary to acquire ownership of the goods under a lease-purchase agreement and  
16 has returned or voluntarily surrendered the goods, other than through judicial  
17 process, within 7 days after the renewal date, the consumer may reinstate the  
18 lease-purchase agreement during a period of not less than 30 days after the date  
19 the goods were returned or surrendered.

20 **(4)** Nothing in this section prevents a lessor from repossessing or attempting  
21 to repossess property during the reinstatement period, but the repossession does  
22 not affect the consumer's right to reinstate. Upon reinstatement of the lease-  
23 purchase agreement, if the consumer no longer has possession of the goods, the

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1 lessor shall provide the consumer with the same goods, if available, or with  
2 substitute goods of comparable quality and condition.

3 **420.07 Receipts; other requirements and consumer rights.** (1) Upon  
4 request by the consumer, a lessor shall provide the consumer with a written receipt  
5 for each payment made under a lease-purchase agreement.

6 (2) Unless otherwise provided in this chapter, all of the following apply with  
7 respect to a lease-purchase agreement:

8 (a) A lease-purchase agreement shall include an early purchase option, the  
9 terms of which are governed by the lease-purchase agreement.

10 (b) A consumer may terminate a lease-purchase agreement without penalty  
11 by voluntarily surrendering or returning the goods that are the subject of the lease-  
12 purchase agreement in good repair, reasonable wear and tear excepted, along with  
13 any past-due periodic payments, upon expiration of any lease period.

14 (c) If a consumer is liable for loss of or damage to the goods that are the subject  
15 of a lease-purchase agreement, the consumer's liability may not exceed the fair  
16 market value of the goods as of the time they are lost or damaged.

17 (d) If any part of a manufacturer's express warranty covers the goods that are  
18 the subject of a lease-purchase agreement at the time the consumer acquires  
19 ownership of these goods, the lessor shall transfer the warranty to the consumer if  
20 allowed by the terms of the warranty.

21 **420.08 Renegotiations and extensions.** (1) A renegotiation occurs when  
22 any term of a lease-purchase agreement that is required to be disclosed by s. 420.04  
23 is changed by agreement between the lessor and consumer. A renegotiation creates

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1 a new lease-purchase agreement requiring the lessor to give all the disclosures  
2 required by s. 420.04.

3 (2) Renegotiation under sub. (1) does not include any of the following:

4 (a) Reinstatement of a lease-purchase agreement in accordance with s.  
5 420.06.

6 (b) A lessor's waiver or failure to assert any claim against the consumer.

7 (c) A deferral, extension, or waiver of any periodic payment or portion of a  
8 periodic payment.

9 (d) A change, made at the consumer's request, of the day of the week or month  
10 on which periodic payments are to be made.

11 (e) A return by the consumer of a specific item or items of lease-purchase  
12 property that are part of a lease-purchase agreement for multiple items, or the  
13 substitution of an item of lease-purchase property, if the average periodic payment  
14 is not changed by more than 50 percent.

15 **420.09 Advertising.** (1) An advertisement that refers to or states the dollar  
16 amount of a periodic payment and the right to acquire ownership of a specific item  
17 of lease-purchase property shall also clearly and conspicuously state all of the  
18 following:

19 (a) That the transaction advertised is a lease-purchase agreement.

20 (b) The total number and total amount of periodic payments necessary to  
21 acquire ownership of the item.

22 (c) That the consumer acquires no ownership rights in the item unless the  
23 total amount necessary to acquire ownership is paid.

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1           (2) Any owner or personnel of any medium in which an advertisement  
2 appears or through which it is disseminated is not liable for failure to comply with  
3 the provisions of this section. This subsection does not apply if the owner or  
4 personnel is a lessor and the advertisement solicits a consumer to enter into a  
5 lease-purchase agreement with the lessor.

6           (3) The provisions of sub. (1) do not apply to an advertisement that does not  
7 refer to or state the amount of any payment or that is published in the yellow pages  
8 of a telephone directory or in any similar directory of business.

9           (4) Each item of lease-purchase property displayed or offered under a lease-  
10 purchase agreement shall bear a tag or card that clearly and conspicuously  
11 indicates in Arabic numerals each of the following:

12           (a) The cash price of the item.

13           (b) The amount of the periodic payment.

14           (c) The total number and total amount of periodic payments necessary to  
15 acquire ownership of the item.

16           (5) For any lease-purchase property displayed or offered online and for which  
17 a consumer can enter into a lease-purchase agreement online or remotely through  
18 electronic commerce, a lessor may satisfy the requirements of sub. (4) by electronic  
19 disclosure, clearly and conspicuously indicated in Arabic numerals that are  
20 readable and understandable by visual inspection, if the information is disclosed to  
21 the lessee prior to any of the disclosures required in s. 420.04.

22           (6) When personal property that is not lease-purchase property is offered by a  
23 lessor under a lease-purchase agreement, the lessor shall provide the information

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1 described in sub. (4) by electronic disclosure, clearly and conspicuously indicated in  
2 Arabic numerals that are readable and understandable by visual inspection, if the  
3 information is disclosed to the lessee prior to any of the disclosures required in s.  
4 420.04.

5 (7) An advertisement in any language other than English shall contain  
6 disclosures as required by this section in the same language as the advertisement.

7 **420.10 Consumer remedies; limitations.** (1) (a) Subject to s. 420.11, a  
8 lessor that fails to comply with the requirements of this chapter is liable to a  
9 consumer damaged by the violation of this chapter in an amount equal to the  
10 greater of the following:

11 1. The actual damages sustained by the consumer as a result of the lessor's  
12 violation of this chapter.

13 2. Twenty-five percent of the total of payments necessary to acquire  
14 ownership of the goods, as disclosed under s. 420.04 (1), but not less than \$100 nor  
15 more than \$1,000.

16 (b) If a court awards any monetary amount under par. (a) to a consumer, the  
17 court shall also award to the consumer the costs of the action and, notwithstanding  
18 s. 814.04 (1), reasonable attorney fees as determined by the court.

19 (2) A consumer may not offset the amount a lessor is potentially liable for  
20 under sub. (1) against any amount owed by the consumer, unless the amount of the  
21 lessor's liability has been determined by a court judgment in an action in which the  
22 lessor was a party. This subsection does not bar a consumer who is in default on an  
23 obligation from asserting a violation of this chapter as an original action or as a  
24 defense or counterclaim to an action brought by a lessor against the consumer.

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1           (3) The remedies of a consumer under this section are in addition to any other  
2 rights or remedies available to a consumer under other applicable law.

3           (4) No action under this section may be brought in any court more than one  
4 year after the date the consumer made the consumer's last periodic payment or the  
5 date of the occurrence of the violation that is the subject of the action, whichever is  
6 later.

7           **420.11 Lessor's defenses.** (1) If a lessor establishes by a preponderance of  
8 evidence that a violation of this chapter was unintentional or the result of a bona  
9 fide error and the lessor maintained reasonable procedures to avoid such errors, the  
10 lessor is not subject to the provisions of s. 420.10 and the validity of the transaction  
11 is not affected. A bona fide error may include a clerical error, calculation error,  
12 printing error, error due to unintentionally improper computer programming or  
13 data entry, or similar errors, but a bona fide error does not include an error of legal  
14 judgment with respect to a lessor's obligations under this chapter.

15           (2) A lessor is not subject to the provisions of s. 420.10 if, within 60 days after  
16 discovering a failure to comply with a requirement of this chapter and before the  
17 consumer has brought an action for noncompliance and before the lessor has  
18 received from the consumer a written notice of noncompliance, the lessor notifies  
19 the consumer of the noncompliance and makes adjustments necessary to correct the  
20 noncompliance for the consumer.

21           (3) A lessor is not subject to the provisions of s. 420.10 with respect to any  
22 action or omission of the lessor made in a good faith effort to comply with any  
23 provision of this chapter.

