

STATE REPRESENTATIVE  
**GORDON HINTZ**

WISCONSIN STATE ASSEMBLY

54th DISTRICT

August 31, 2017

Senator Alberta Darling  
Senate Chair, Joint Committee on Finance  
317 East, State Capitol  
P.O. Box 7882  
Madison, WI 53707

Representative John Nygren  
Assembly Chair, Joint Committee on Finance  
309 East, State Capitol  
P.O. Box 8953  
Madison, WI 53708

Dear Senator Darling and Representative Nygren,

As you prepare the final touches on the 2017-19 State Budget, I am asking that you not include provisions that remove consumer protections from the "Rent-to-Own" industry.

In the past, there has been a clear precedent set on the side of consumers in our state. Governor Scott McCallum and Governor Jim Doyle both vetoed bills including such provisions. More recently, 2011 Assembly Bill 582 exempted rental-purchase companies from the Wisconsin Consumer Act but failed to pass the Senate. Despite the longstanding opposition from consumer groups, veterans' advocates, and religious organizations, Governor Walker included this provision in his original 2013-15 State Budget. Thankfully, the Joint Finance Committee voted 10-6 to remove it, with all of the panel's six Republican senators joining its four Democrats to defeat the provision.

Rent-to-Own lenders are a common presence in low-income communities nationwide. The industry is composed of dealers who rent furniture, electronics, major appliances, computers, jewelry and other products with an option to buy. However, the lender does not consider the borrower's ability to pay, charges three-to-four times the value of the item in rental fees, and does not disclose the true cost of the rental/purchase. Rent-to-Own companies prey on the young and financially inexperienced, who may have financial burdens or difficulty obtaining other forms of credit – forcing these families into a downward spiral.

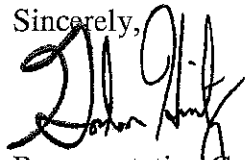
This predatory industry even undermines our service men and women. In 2006, the Department of Defense published a report criticizing the Rent-to-Own industry as predatory and specifically targeting service members and their families living on military bases.

For more than a decade, the Rent-to-Own industry has pushed the Legislature to exempt their transactions from the Wisconsin Consumer Act. The main reason the Rent-to-Own industry seeks to be exempt is because it does not want to reveal to consumers how much it is charging in interest rates. At a time when the importance of financial literacy is continually emphasized in education, removing the very information Wisconsinites need to make good financial decisions is irresponsible and reckless.

While I have no doubt about the potential profits for the owners of expanding this business unregulated in our state, I have concerns about the costs to individuals, other businesses, and to taxpayers. This is why I worry, considering the strong bipartisan opposition in the past, it will be included into the state budget again this year.

As lawmakers, we have a responsibility to protect people from products and services that set them up to fail. I encourage you to keep in mind the detrimental effects that the Rent-to-Own industry can have on Wisconsin, and remind you of the previous actions taken by Republicans and Democrats to keep these provisions that weaken consumer protections from becoming law. I respectfully ask you to not include the Rent-to-Own provision in a second state budget. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Gordon Hintz", written over a faint, illegible background.

Representative Gordon Hintz  
54<sup>th</sup> State Assembly District