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Republicans Target Wisconsin Families with Predatory Rent-to-Own Bill

MADISON – Today, Representative Gordon Hintz (D-Oshkosh) blasted the introduction of LRB-4307 which, once again, attempts to expand the Rent-to-Own (RTO) industry to Wisconsin. This industry disproportionately affects low-income families, and creates debt traps which undermine the financial security of Wisconsin families.

"Governor Walker and legislative Republicans have been working on a special interest handout for this industry for years, even attempting to hide it in the 2013-15 state budget. While the Governor tours the state telling us he wants to 'spread the wealth around' during the next biennium, he and his party are promoting a predatory industry that targets low-income individuals, sending them further into debt."

Under this bill, these businesses would no longer have to disclose interest rates to consumers. This gives RTOs more opportunities to exploit common targets such as military families– who move frequently and thus have a harder time seeking recourse through the courts. During a public hearing on this bill in 2012, it was estimated that exempting the RTO industry from the Consumer Act would expand their presence in our state from 38 stores to more than 300 stores.

Rent-to-Own companies profit by renting goods like electronics or furniture with an option to buy. Like other "poverty industries", companies don't consider borrower income, charge three-to-four times the item's value, and target lower income consumers. For example, a consumer may rent a television for $10 per week for 78 weeks prior to paying off the item, paying a total of $780, even though the television retails for approximately $220.

"I have no doubt this legislation will lead to huge profits for the Rent-to-Own industry. I have concerns about the costs to individuals, other businesses, and to taxpayers," stated Rep. Hintz. "Money that is spent on high cost interest rather than on food, goods, and services in our local community takes money out of the economy. With increased poverty and stagnant wages, exempting this industry to allow for its unregulated expansion is bad for our state's economy."

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