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**To:** Coriell, Scott  
**Subject:** Gov. Shumlin Weekly Op-Ed

Please find below Gov. Peter Shumlin's weekly op-ed. Let me know if you have any questions.

Thanks,

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### **Not the way we do business in Vermont**

By Gov. Peter Shumlin

Too often the news we hear focuses on the controversy over what we don't agree on. As we work to put together a difficult budget that matches Montpelier's appetite for spending with Vermonters ability to pay and other legislation that helps make this state a more affordable place to live, work, and raise a family, there is plenty of that to go around. But this week we all – Democrats, Republicans, Independents, and Progressives – were able to come together on legislation to protect Vermonters from business practices that target those who can least afford it with rental schemes that can charitably be described as a rip off.

The issue is with so-called rent-to-own stores, which market and advertise to lower and middle income individuals with troubled credit histories by promising a no-interest, hassle-free way to own consumer electronics, furniture, a washer and dryer, and other household items. Here's how it works: Consumers are given products upfront in exchange for a small monthly rental fee, which, if paid for the duration of the contract period can result in ownership of the item. The problem is that what seems like a small rental fee turns out to be anything but and can add up quickly. In some cases, that small rental fee can end up inflating the cost of a product by 300 to 400 percent. With only 25 percent of rent-to-own transactions actually leading to ownership, many consumers may find themselves paying full price or more for a product they won't own. And because three-quarters of rent-to-own products are never actually owned, most of the products in stores are used.

The growing rent-to-own industry is currently valued at \$8.5 billion and seems to have its sights set on lower and middle income individuals: About 72 percent of rent-to-own consumers make less than \$35,000 per year. And about 70 percent of rent-to-own consumers are women. And this isn't just a national problem. In Vermont, there are currently 14 rent-to-own stores in nine towns: Barre, Bennington, Brattleboro, Burlington, Morrisville, Rutland, Springfield, St. Albans, and St. Johnsbury.

When low-income Vermonters enter into rent-to-own transactions they often fall behind in payments, and are left with the impossible choice of either paying the industry or paying for rent,

heat, or putting food on the table. That's really no choice at all. Often the bare necessities of life are neglected in favor of the industry for two reasons: first, because the industry will repossess the household goods and the family loses both the goods and any money paid towards them; and second, because families are afraid that the industry will take them to court or ruin their credit. These are burdens that families will carry with them for years.

There is doing business and then there is ripping people off. These rent-to-own practices appear to fit into the latter category. The whole business model seems to be designed to prey on those who can least afford it, extract from them as much profit as possible, and leave them with nothing in return. That's not the way we do business in Vermont, and it's why we're working in Montpelier to address it.

Rutland County Senator Kevin Mullin has drafted legislation to provide greater disclosure requirements about the real cost of rent-to-own transactions and cap the total amount that may be charged by the industry – something at least 9 other states, including New York, have done. We have to work out the details, but that concept has the support of a broad, tri-partisan coalition of lawmakers in Montpelier, including myself, Speaker Shap Smith, and Senate President Pro Tem John Campbell.

It's a pretty simple concept. Vermonters deserve to know the cash value of a product as compared to the total cost to them before they enter into an agreement and they deserve affordable consumer goods with fair interest rates or reasonable charges. This legislation is a common sense solution to the problem, and it's one we should all get behind and pass right away.