

## SB361/HB1097 – PROHIBITION OF PET LEASING

### THE ISSUE:

Buying a puppy or kitten can be costly—in some cases, several thousands of dollars. As a result, a developing trend has been to offer consumers certain types of financing options that make purchasing a new pet appear to be more accessible. Unfortunately, these options are a form of predatory lending and at the end of the lease term, the lessee may have paid twice or even three times the amount of the initial cost that their pet otherwise would have cost.

The structure of these financing options raises both ethical questions as well as consumer protection issues. If a buyer could simply purchase the pet on a traditional credit card, they could avoid a large portion of the extra costs of these loans. Instead, for many low income or uninformed buyers, components of these financing schemes, such as interest rates as high as X% and balloon payments, often result in financial strains requiring the consumer to default.

If the consumer can no longer afford payments and defaults on the loan, these pets are likely to be relinquished to a shelter, further increasing the already outsized shelter population in Texas. The practice also raises practical questions about the fate of a pet, such as what happens during medical emergencies.

### THE PROPOSAL:

SB 361 specifies that financing schemes that do not immediately transfer full ownership of a pet to a buyer, including “rent to own” and “retail installment contract” financing, may not be utilized to finance the purchase of a dog or cat.

The bill further stipulates that a contract or financing for the transfer of a pet may NOT:

- Provide for the lease of a pet with the option to purchase the pet at the end of the lease term.
- Authorize the use of the pet as collateral that may be repossessed by the seller.

By prohibiting these types of transactions, we can protect consumers from unscrupulous lending practices involving the highly emotional purchase of a pet and reduce the potential that people will lose their puppy, kitten or other pet due to financial circumstances.

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