venue for some of the game's greatest players. Jackie Robinson, Satchel Paige, Willie Mays, and Hank Aaron were giants of the game of baseball—all got their start in the Negro Baseball Leagues.

More important than their impact on the game of baseball, however, was the symbolic value of the Negro Baseball Leagues. In an era where being black meant second-class status in America, the players of the Negro Baseball Leagues gave African-American children role models and helped to integrate the all-white American pastime.

Mr. Speaker, the struggle from segregation to full racial integration—a struggle that continues to this day—is the story of brave men and women who broke racial barriers by challenging the social, political, and economic norms of their time. The players of the Negro Baseball Leagues were such people.

Today, we commemorate the Negro Baseball Leagues and the indelible mark they made not only on baseball, but also on American society.

Mr. PUTNAM. Mr. Speaker, I rise in support of H.C.R. 337 and particularly wish to recognize the Negro League teams that played in Florida and the players who now reside in our great State.

While there were other minor or semi-professional teams in our State, Florida's most recognized Negro League team was the Jacksonville Red Caps, who played in the Negro American League.

Their numbers are dwindling, there are now only 150 or so former Negro League players left in the entire country, so it is important that, as we consider H.C.R. 337, I also recognize former players of the Negro Leagues who now live in Florida.

While I'm sure my list of Florida's remaining Negro League players is not complete, each year the Jacksonville Suns honor former Negro League players, and on June 9 of this year they met at Wolfson Park and honored the following former Negro League players:

Herb Barnhill, who began his baseball career in 1936 and played for the Jacksonville Red Caps in 1938 and 1941–42;

Henry ''Bird'' Clark, who began his baseball career in 1955 at the age of 16 with the Kansas City Monarchs;

Art Hamilton, a catcher who started with the Indianapolis Clowns in 1953, played with the Detroit Stars and closed his career with the Philadelphia Phillies in 1961; and

Harold ''Buster'' Hair Jr., who played for the Birmingham Black Barons in 1953, was drafted and played in Canada and then in 1958 played with the Kansas City Monarchs.

Thank you, Mr. Speaker. It is my pleasure to join my colleagues today in recognizing the contributions of these African-American baseball players who now reside in Florida, and their surviving Negro League teammates. I yield back the balance of my time.

Mr. LATOURETTE. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. DAN MILLER of Florida). The question is on the motion offered by the gentleman from Ohio (Mr. LATOURETTE) that the House suspend the rules and agree to the concurrent resolution, H. Con. Res. 337.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. LATOURETTE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

## CONSUMER RENTAL PURCHASE AGREEMENT ACT

Mr. LINDER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 528 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 528

*Resolved,* That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 1701) to amend the Consumer Credit Protection Act to assure meaningful disclosures of the terms of rental-purchase agreements, including disclosures of all costs to consumers under such agreements, to provide certain substantive rights to consumers under such agreements, and for other purposes. The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and shall not exceed one hour, with 50 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Financial Services and 10 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Financial Services, as amended by the amendment recommended by the Committee on the Judiciary, now printed in the bill. The committee amendment in the nature of a substitute shall be considered as read. No amendment to the committee amendment in the nature of a substitute shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Each such amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against such amendment are waived. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Georgia (Mr. LINDER) is recognized for 1 hour.

Mr. LINDER. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Florida (Mr. HASTINGS), pending which I yield myself such time as I might consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, the resolution before us is a fair, structured rule providing for the consideration of H.R. 1701, the Consumer Rental Purchase Agreement Act.

H. Res. 528 provides 1 hour of general debate, with 50 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Financial Services and 10 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary.

The rule provides that the amendment in the nature of a substitute recommended by the Committee on Financial Services, as amended by the amendment recommended by the Committee on the Judiciary, now printed in the bill, shall be considered as an original bill for the purpose of amendment and shall be considered as read.

H. Res. 528 makes in order only those amendments printed in the Committee on Rules report accompanying this resolution. It provides that the amendments printed in the report shall be considered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. This rule waives all points of order against the amendments printed in the report.

Finally, H. Res. 528 provides for one motion to recommit, with or without instructions.

Mr. Speaker, I urge my colleagues on both sides of the aisle to join me in support of this fair rule, which would enable the House to work its will on H.R. 1701, and two separate amendments, one offered by the gentleman from New York (Mr. LAFALCE) and another offered by the gentlewoman from California (Ms. WATERS).

In summary, H.R. 1701 seeks to create uniform national disclosure standards for the rent-to-own industry. It provides greater cost information to consumers who are considering rental purchase agreements.

I would like to commend the work of the gentleman from Ohio (Mr. OXLEY), my friend and colleague of the Committee on Financial Services, in bringing this legislation to the House floor, which I was pleased to cosponsor earlier this year. I also want to commend the gentleman from North Carolina (Mr. JONES) for being the primary author of this measure.

Again, in closing, I urge my colleagues to join me in supporting this

fair rule so that the House can proceed to consider the underlying legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. HASTINGS of Florida. Mr. Speaker, I thank the gentleman for yielding the customary 30 minutes, and I yield myself such time as I may consume.

Mr. Speaker, I rise today in opposition to this rule and to the underlying bill, H.R. 1701, a bill to amend the Consumer Credit Protection Act to establish Federal disclosure requirements for rental purchase businesses.

Traditionally, rent-to-own businesses cater to low- and moderate-income individuals who either do not have the money or do not have the credit to purchase goods for their homes. These individuals turn to businesses such as Rent-A-Center or RentWay with the idea that renting is a reasonable alternative to purchasing their household goods; and although this may be true in some instances, that is not always the case.

Mr. Speaker, to quote the gentlewoman from California (Ms. WATERS), who will speak on her own measures that she offered, one of which was accepted, three that were categorically rejected, she said this is special-interest legislation at its worst. For a number of reasons, this legislation fails to protect those consumers who depend on rental purchase businesses from being taken for a ride. And while the measure does implement necessary contracts, store tag, and advertising disclosure, it fails by preempting existing State consumer protection laws that treat rent-to-own transactions as credit sales and, therefore, require the disclosure of the cost of credit and annual percentage rates. A footnote right there, Mr. Speaker: in some of these failed disclosure situations, triple digit interest rates are being charged to people.

This bill might have had a chance of being a great piece of legislation, had the four amendments of my good friend and colleague, the gentlewoman from California (Ms. WATERS), and the second amendment of the gentleman from New York (Mr. LAFALCE) been accepted; and I was in full and complete support of both being allowed. As a result, this legislation in my judgment is not worth the paper it is drafted on. It is not curative. When the question was put yesterday to the relevant subcommittee chairman, who I am sure will speak and thus speak passionately regarding this matter, when the question was put to him whether or not it was curative, he stated that it was ''helpful.''

Worse yet, the Committee on the Judiciary chairman, the gentleman from Wisconsin (Mr. SENSENBRENNER), is quoted as saying, ''The bill is unnecessary and unwise and is a misguided attempt to preempt the existing law of virtually every State.''

The regulation of the rent-to-own industry is a State issue and all those who disagree, in my opinion, are misguided too.

How can H.R. 1701 fulfill its stated purpose to protect consumers against unfair rental purchase agreements and predator financial services if it does not require rent-to-own businesses to disclose the interest rates in the leasing contract? Would any of us accept a bank loan without the APR being stated in the contract?

Mr. Speaker, one of our duties as Members of Congress is to make accessible the highest quality of life for all those who live within our great country's borders. H.R. 1701 would work against that continuous goal, if passed as is; and I urge my colleagues to vote against H.R. 1701 and against this closed rule.

Mr. Speaker, I yield 6 minutes to the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Speaker, I would like to thank the gentleman from Florida (Mr. HASTINGS) for the attention that he paid to this particular piece of legislation in the Committee on Rules. I thank him for taking the time to understand it and to try and help me to make it a better bill with the amendments that I presented at the Committee on Rules.

I had four amendments in the Committee on Rules to H.R. 1701; only one was accepted and, of course, I thank the members for that. However, I think I was thrown a bone, a bone to say, well, we did something; but certainly, this does not cure what is wrong with this bill.

Let me tell my colleagues about the other amendments that I proposed that were not accepted. One of the amendments that I had was a very simple amendment. The sponsors of the bill had indicated that they wanted this bill to be a floor rather than a ceiling when it comes to State laws, and my amendment would simply strike a single subsection that would have accomplished that goal. Let me just share with my colleagues that 52 of the State Attorneys General earlier signed on to a letter objecting to this bill and, specifically, the preemption section. The Attorneys General stated: ''Any State law that affords consumers the benefit of disclosures in rent-to-own agreements beyond those required by H.R. 1701 would be invalidated.''

This is simply about State preemption. I am surprised that those who are advocating State preemption would do so when oftentimes we find they are standing up to protect States' rights and the State to protect its ability to make public policy in the interest of that State.

As initially considered in committee, the bill would have preempted all inconsistent Federal and State laws, regardless of whether they provided greater or less protection for consumers. This has been revised to preempt only those State laws or regulations that treat rent-to-own transactions as credit sales and apply credit-like regulation, including disclosure of annual percentage rates and cost limits based on APRs. This would provide for automatic preemption of the laws of four States: Wisconsin, New Jersey, Minnesota, and Vermont, which currently apply credit statutes and regulations to rent-to-own transactions. It would also preempt all States from imposing credit-like restrictions on rent-to-own transactions in the future.

A letter written to the Committee on Financial Services by 52 State and territorial Attorneys General expressed strong opposition to any language which ''expressly preempts any State law that regulates a rent-to-own transaction as a credit sale or similar arrangement that requires the disclosure to consumers of an effective interest, annual percentage, or singular rate.''

This is outrageous, and we should be ashamed that a bill like this could get this far in the Congress of the United States. Most of those people out there as consumers expect us to protect them. Why would we fight to keep this industry from disclosing the interest rates on rent-to-own contracts? I think I know why. Why would we not want to treat them like credit sales? I think I know why. But it is unconscionable and unreasonable that Members of the Congress of the United States of America would use their power to work against consumers in this way with an industry that has some really questionable practices.

Let me tell my colleagues about the third amendment that they rejected. It would have added a new subsection to prohibit any unfair or deceptive acts or practices and abusive collection by the rental purchase industry.

□ 1130

Mr. Speaker, for years the industry has resisted it being classified as a sale so that it would not be subject to protections governing credit sales transactions. At the same time, it has also resisted coming under protections offered by the Consumer Leasing Act. I think it is unconscionable that a Federal law purporting to regulate this industry would fail to include basic protections against unfair or deceptive practices.

Let me tell Members a little bit about this industry. Some of the more outrageous examples include rent-to-own employees struggling with the customer in the home over the possession of the television set, and picking up a nearby object and smashing the set. This happened in Maryland in 1983.

An employee was breaking and entering a customer's home, only to be shot and killed as a result, in Nebraska in 1980.

In a number of instances, rent-to-own dealers have been found liable for tort claims such as assault, battery, and trespass.

In 1985, a Texas jury returned a verdict of nearly $130,000 against a rental company for injuries to a customer which occurred during an attempted repossession.

Many rent-to-own dealers, when faced with an incident of wrongful repossession, will attempt to accuse the employee of unforeseen misconduct. It goes on and on and on, but my attempts to clean up the legislation were rejected.

Lastly, let me tell the Members about the fourth amendment, which was so reasonable. It would have placed a cap on total price.

Twelve States currently require an early purchase option in rent-to-own contracts: California, Connecticut, Delaware, Iowa, Maine, Michigan, Nebraska, New York, Ohio, Pennsylvania, South Carolina, and West Virginia. All of these States employ a formula to determine how much equity is acquired in the product over time, and the difference between the figure and the cash price.

Six States impose substantive limits on rental purchase prices: Connecticut, Iowa, Michigan, New York, Ohio, and Pennsylvania. My amendment is based on the New York law.

I would ask that we reject this rule because it has done nothing to make this a credible bill.

Mr. HASTINGS of Florida. Mr. Speaker, I yield myself such time as I may consume.

I would like to add emphasis, in closing, to what the gentlewoman said. She had one amendment that brought to the attention of this body that when a person that is renting pays 133 percent of the total purchase price that they would own the property. Now, any of us that pay 133 percent of something ought to at least own 75 percent of something by the time that we do that. For us not to have made that amendment in order, in my judgment, is a mistake.

Mr. Speaker, I yield back the balance of my time.

Mr. LINDER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would just like to point out that if one is buying a house, in the typical payment, one is paying roughly 200 percent of the cost of the house after it is over. Most people are not complaining.

And to the gentlewoman from California, who said twice she has a list of 52 attorneys general writing in against this, I would love to see that list.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. DAN MILLER of Florida). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HASTINGS of Florida. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 238, nays 178, not voting 16, as follows:

[Roll No. 391]

YEAS—238

| | | |
|---|---|---|
| Aderholt | Goss | Peterson (MN) |
| Akin | Graham | Peterson (PA) |
| Armey | Granger | Petri |
| Bachus | Graves | Pickering |
| Baker | Green (WI) | Pitts |
| Ballenger | Greenwood | Platts |
| Barcia | Grucci | Pombo |
| Barr | Gutknecht | Portman |
| Bartlett | Hall (TX) | Pryce (OH) |
| Barton | Hansen | Putnam |
| Bass | Hart | Quinn |
| Bereuter | Hastings (WA) | Radanovich |
| Biggert | Hayes | Ramstad |
| Bilirakis | Hayworth | Regula |
| Blunt | Hefley | Rehberg |
| Boehlert | Herger | Reynolds |
| Boehner | Hobson | Riley |
| Bonilla | Hoekstra | Rogers (KY) |
| Bono | Holden | Rogers (MI) |
| Boozman | Hooley | Rohrabacher |
| Boyd | Horn | Ros-Lehtinen |
| Brady (TX) | Hostettler | Ross |
| Brown (SC) | Houghton | Royce |
| Burr | Hoyer | Ryan (WI) |
| Burton | Hulshof | Ryun (KS) |
| Buyer | Hunter | Sandlin |
| Callahan | Hyde | Saxton |
| Calvert | Isakson | Schaffer |
| Camp | Issa | Schrock |
| Cannon | Istook | Sensenbrenner |
| Cantor | Jenkins | Sessions |
| Capito | John | Shadegg |
| Castle | Johnson (CT) | Shaw |
| Chabot | Johnson (IL) | Shays |
| Chambliss | Johnson, Sam | Sherwood |
| Clement | Jones (NC) | Shimkus |
| Coble | Kanjorski | Shows |
| Collins | Keller | Shuster |
| Combest | Kelly | Simpson |
| Cooksey | Kennedy (MN) | Skeen |
| Cox | Kerns | Smith (MI) |
| Crane | Kildee | Smith (NJ) |
| Crenshaw | King (NY) | Smith (TX) |
| Cubin | Kirk | Souder |
| Culberson | Knollenberg | Spratt |
| Cunningham | Kolbe | Stearns |
| Davis, Jo Ann | LaHood | Sullivan |
| Davis, Tom | Lampson | Sununu |
| Deal | Latham | Sweeney |
| DeLay | LaTourette | Tancredo |
| DeMint | Lewis (CA) | Tanner |
| Diaz-Balart | Lewis (KY) | Tauzin |
| Doolittle | Linder | Taylor (NC) |
| Dreier | LoBiondo | Terry |
| Duncan | Lucas (KY) | Thomas |
| Dunn | Lucas (OK) | Thornberry |
| Ehlers | Manzullo | Thune |
| Ehrlich | Matheson | Tiahrt |
| Emerson | McCrery | Tiberi |
| English | McHugh | Toomey |
| Etheridge | McInnis | Towns |
| Evans | McIntyre | Turner |
| Everett | McKeon | Upton |
| Ferguson | Mica | Vitter |
| Flake | Miller, Dan | Walden |
| Fletcher | Miller, Gary | Walsh |
| Foley | Miller, Jeff | Wamp |
| Forbes | Moran (KS) | Watkins (OK) |
| Fossella | Morella | Watts (OK) |
| Frelinghuysen | Nethercutt | Weldon (FL) |
| Frost | Ney | Weldon (PA) |
| Gallegly | Northup | Weller |
| Ganske | Norwood | Whitfield |
| Gekas | Nussle | Wicker |
| Gibbons | Osborne | Wilson (NM) |
| Gilchrest | Ose | Wilson (SC) |
| Gillmor | Otter | Wolf |
| Gilman | Oxley | Young (AK) |
| Goode | Paul | |
| Goodlatte | Pence | |

NAYS—178

| | | |
|---|---|---|
| Abercrombie | Bentsen | Brown (OH) |
| Ackerman | Berkley | Capps |
| Allen | Berman | Capuano |
| Andrews | Berry | Cardin |
| Baca | Bishop | Carson (IN) |
| Baird | Blumenauer | Carson (OK) |
| Baldacci | Borski | Clayton |
| Baldwin | Boswell | Clyburn |
| Barrett | Boucher | Condit |
| Becerra | Brady (PA) | Conyers |
| Costello | Kilpatrick | Payne |
| Coyne | Kind (WI) | Pelosi |
| Cramer | Kleczka | Phelps |
| Crowley | Kucinich | Pomeroy |
| Cummings | LaFalce | Price (NC) |
| Davis (CA) | Langevin | Rahall |
| Davis (FL) | Lantos | Rangel |
| Davis (IL) | Larsen (WA) | Reyes |
| DeFazio | Larson (CT) | Rivers |
| DeGette | Lee | Rodriguez |
| Delahunt | Levin | Roemer |
| DeLauro | Lewis (GA) | Rothman |
| Deutsch | Lipinski | Roybal-Allard |
| Dicks | Lofgren | Rush |
| Dingell | Lowey | Sabo |
| Doggett | Luther | Sanchez |
| Dooley | Lynch | Sanders |
| Doyle | Maloney (CT) | Sawyer |
| Edwards | Maloney (NY) | Schakowsky |
| Engel | Markey | Schiff |
| Eshoo | Mascara | Scott |
| Farr | Matsui | Serrano |
| Fattah | McCarthy (MO) | Sherman |
| Filner | McCarthy (NY) | Skelton |
| Ford | McCollum | Slaughter |
| Frank | McDermott | Smith (WA) |
| Gephardt | McGovern | Snyder |
| Gonzalez | McKinney | Solis |
| Gordon | McNulty | Stark |
| Green (TX) | Meehan | Stenholm |
| Gutierrez | Meek (FL) | Strickland |
| Harman | Meeks (NY) | Stupak |
| Hastings (FL) | Menendez | Tauscher |
| Hill | Millender-McDonald | Taylor (MS) |
| Hilliard | Mollohan | Thompson (CA) |
| Hinchey | Moore | Thompson (MS) |
| Hinojosa | Moran (VA) | Thurman |
| Hoeffel | Murtha | Tierney |
| Holt | Nadler | Udall (CO) |
| Honda | Napolitano | Udall (NM) |
| Inslee | Neal | Visclosky |
| Israel | Oberstar | Waters |
| Jackson (IL) | Obey | Watson (CA) |
| Jackson-Lee (TX) | Olver | Watt (NC) |
| Jefferson | Ortiz | Waxman |
| Johnson, E. B. | Owens | Weiner |
| Jones (OH) | Pallone | Wexler |
| Kaptur | Pascrell | Woolsey |
| Kennedy (RI) | Pastor | Wu |
| | | Wynn |

NOT VOTING—16

| | | |
|---|---|---|
| Blagojevich | Kingston | Simmons |
| Bonior | Leach | Stump |
| Brown (FL) | Miller, George | Velazquez |
| Bryant | Mink | Young (FL) |
| Clay | Myrick | |
| Hilleary | Roukema | |

□ 1220

Mr. MCNULTY, Ms. ESHOO and Mr. DAVIS of Florida changed their vote from ''yea'' to ''nay.''

Mr. HOYER and Mr. DOOLITTLE changed their vote from ''nay'' to ''yea.''

The resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. DAN MILLER of Florida). Pursuant to House Resolution 528 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 1701.

□ 1222

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1701) to amend the Consumer Credit Protection Act to assure meaningful disclosures of the terms and rental-purchase agreements, including disclosures of all costs to consumers under such agreements, to provide certain substantive

rights to consumers under such agreements, and for other purposes, with Mr. ISAKSON in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Alabama (Mr. BACHUS) and the gentlewoman from California (Ms. WATERS) each will control 25 minutes for the Committee on Financial Services, and the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentlewoman from California (Ms. WATERS) each will control 5 minutes for the Committee on the Judiciary.

The Chair recognizes the gentleman from Alabama (Mr. BACHUS).

Mr. BACHUS. Mr. Chairman, I yield 5 minutes to myself to speak in support of this legislation.

Mr. Chairman, I speak to the whole House when I say that the subject of the legislation we find ourselves debating on the floor here today is the rent-to-own industry and the need to have some floor of regulations over that industry.

There are 15 million citizens who annually use rent-to-own stores. There has been an exhaustive study, a survey of rent-to-own by the Federal Trade Commission. In fact, they made several suggestions and proposals. They outlined abuses in the industry.

Let me speak to that industry. That industry is an industry, like many others, that people, their only connection with it is they drive by a store, and we see more and more rent-to-own stores in their neighborhood or in their city, but they do not know much about it. What the survey found is that people of all educational levels apparently are using rent-to-own. The number of people that have graduate school degrees, a good percentage of those people are using these stores.

Sometimes people go in and they rent equipment, rent furniture for as little as a month or 2 months, or even 2 weeks. I recently talked to someone that said they had gone in a rent-to-own store, and their explanation was that they were going to be in a city for 2 months and they simply did not want to get a U-Haul. They checked on the U-Haul rate, and it was $900 out and $900 back, and so they made a decision to spend $1,500 on furniture.

Many Members, such as the gentleman from North Carolina (Mr. JONES) and the gentleman from Connecticut (Mr. MALONEY), felt there ought to be some protection for consumers. There are State laws in 40 percent of the States that have protections; but this will establish in all 50 States a floor of protection. With the floor of protection we do not, and I want to repeat this, we do not preempt State consumer laws. We do not preempt State consumer laws. So there will be 15 States, if we enact this legislation, that will have stronger laws than this legislation. There will be approximately 35 that have weaker laws. In fact, there are States that have no laws. There are a number of States that have no laws. They will suddenly have laws regulating this industry. In fact, the worse abuses were in those States with no laws. The abuses identified in this report, they are addressed in this legislation. There will be significant provisions in this legislation to stop those abuses. There are States with very strong laws. We do not preempt those laws.

Do we preempt anything? Yes, we do. If we pass this law, there will be four States in which there is today an existing law, none which have been passed by the legislature, but four courts in four States have found that these are credit sales, and 46 States say they are leases. And those four States which say these are credit sales, we ought to give people disclosure like it was a credit sale, and we ought to show them the annual percentage rate.

Well, the IRS has looked at this and they say this is not a credit sale, this is a lease. This is not a credit sale. The Federal Trade Commission and the Federal Reserve, we brought them in. We had them testify. Is this a credit sale or is it a lease-purchase or a lease? They both said it is actually misleading and confusing to consumers to have them sign, have them give an APR disclosure of the annual percentage rate. It is a confusing thing. It will add nothing. That is what the Federal Trade Commission and the Federal Reserve have said.

And I think legitimately there are Members among us, and they have every right to their opinion, saying that the law in these four States, we do not want to preempt the four States that have said it is a credit sale. Well, the alternative is not to strengthen the law in 36 States. That is the choice we have.

Mr. Chairman, I reserve the balance of my time.

Ms. WATERS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like the Members of this House of Representatives and the public to pay special attention to H.R. 1701, the bill we are debating on the floor today. For those Members who have been outraged about what they have learned about Enron and Global Crossing and Qwest and WorldCom and all of those major corporations which have been found to game the system, who have been ripping off the investors, who have been putting their pensioners at risk, if Members think that is bad, they ought to pay attention to this one.

□ 1230

This is special interest legislation at its worst, because the people who will be ripped off in these schemes are little people. They are poor people. They are working people. They are people without very much money.

We talk a lot about trying to do something about predatory lending. That is, some of us. But, Mr. Chairman, this rent-to-own industry falls in the category of the check cashers and the payday lenders and even the tax preparers that are ripping off the most vulnerable of our society.

Let me tell you more about this rent-to-own industry. The bill is falsely presented by its industry proponents as pro-consumer, as not preemptive of State law. That is absolutely not true. The bill has one purpose and one purpose only, to circumvent stronger consumer protections in the Federal Truth in Lending Act and in statutes of a handful of States that the rent-to-own industry had not been able to overturn.

As originally introduced, H.R. 1701 sought to preempt all inconsistent State laws. This included all current or future State laws that attempt to regulate rent-to-own transactions as credit or installment sales as well as industry-enacted State rent-to-own statutes that provide stronger, but inconsistent, protections for its consumers. Although the amended committee bill has narrowed the scope of the bill's preemption somewhat, the bill would still preempt the best of the State laws in New Jersey, Minnesota, Wisconsin, and Vermont that seek to provide meaningful protections against unfair predatory practices; and it would still prevent these and other States from strengthening consumer protections in the future by treating rent-to-own transactions as credit sales.

If the industry had any good intentions, they would have supported my amendments in the Committee on Rules. I went in there and I asked for four simple amendments that I talked about during the debate on the rule. I suppose the worst of these is this preemption. Why would the Congress of the United States of America wish to preempt State laws that give strong protection to their people against this rip-off industry? The stories about what happens in this rent-to-own industry are absolutely outrageous and unconscionable. The idea that you could go in and rent a television that cost about $169, we checked this out, and end up paying $800 or $900 for that television set through one of these contracts, and on top of it, be forced to pay insurance that would protect the company from any damages that they may have caused in addition to what you may have caused is just simply outrageous.

Let me just say this. We are elected to come here to do a number of things. The least of that is to protect poor people and working people and voters and our constituents from being ripped off by industries that we know are ripping them off. We know what this is all about. Consumers must ask the question, Why would my Representative not protect me from this kind of rip-off? I want the consumers to ask that question.

Mr. Chairman, we have a lot of Members here, some Members here, who want to add their voices to try to protect consumers.

Mr. Chairman, I reserve the balance of my time.

Mr. SENSENBRENNER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in opposition to this bill. There is no overriding national need, no overriding public policy purpose, no overriding crisis that requires the Congress to federalize the regulation of the rent-to-own industry. The rent-to-own industry supports this legislation, and it is understandable why they do so. The fiscal note that is contained in the report of the Committee on the Judiciary says that the Federal Trade Commission intends to hire five new attorneys and investigators to investigate and enforce violations of this bill. That is five people nationwide looking into violations of the rent-to-own provisions that are contained in H.R. 1701.

That makes enforcement a joke. Because if you only have five cops regulating this pugnacious industry nationwide, you know that the law is not going to be enforced. So we are passing a piece of paper here supposedly in the name of consumer protection that the enforcing agency says that they will be able to enforce with just five people in the entire United States of America. I think that blows the cover on this being consumer protection legislation.

Let me tell you what this bill does to the Wisconsin Consumer Act. The Wisconsin Consumer Act by judicial construction has said that a rent-to-own contract is a credit transaction. This bill overrides that definition, and says it is a lease transaction and that eviscerates the enforcement by the Wisconsin attorney general's office of the rent-to-own industry. That is where the preemption is particularly harmful to consumers not only in my State but also in New Jersey, Minnesota, North Carolina, and Vermont.

Let us look at what enforcement has done in the States that have this preemption: $16 million worth of recoveries in Wisconsin, $30 million in Minnesota, and $60 million in New Jersey. So the rent-to-own industry knows that it is going to get a get-out-of-jail-free card should this legislation be passed. Furthermore, the Wisconsin legislature has been lobbied incessantly by this industry to pass an exemption, and they got it in as a budget amendment in this last budget cycle. Republican Governor Scott McCallum vetoed this exemption as being special interest legislation. So opposition to moving these transactions from credit to lease transactions in my State is bipartisan.

We have done a good job in regulating this industry in our State, and I think that has been the case in most of the other States. We should not do away with this. And if a State has lower consumer protections than this bill provides, then I think it is the business of that State legislature to look at their law and see if it is adequate and to make whatever amendments might be necessary. We should not have a Federal preemption even of a small amount in this legislation. I would urge the legislation to be defeated.

Mr. Chairman, I yield back the balance of my time.

Mr. BACHUS. Mr. Chairman, I yield myself such time as I may consume.

Let me simply respond to some of the arguments that we have heard here today and let me stress why I do not think those arguments have a lot of validity. They sound good. The gentleman from Wisconsin has said, ''We don't think there's a national problem,'' but the gentlewoman from California stood up and talked about all sorts of abuses in all sorts of States. The Federal Trade Commission outlined abuses in several States. We have almost 20 States that have no regulation. The gentleman from Wisconsin says that this is up to the States, that the States ought to do something about this. When it came to homeowners, when it came to people that transact business with financial institutions, with Fair Debt Collection Practice Act, the Equal Credit Opportunity Act, Truth in Lending Act, Consumer Lease Act, Electronic Funds Transfer Act, we felt like the American consumer, the American customer, was entitled to some Federal protection. There is no Federal protection.

The gentleman did say that Wisconsin has acted, and acted in a tough way. Let me submit something to you. If we pass this legislation, there is nothing, nothing that prevents New Jersey, there is nothing that prevents Wisconsin, there is nothing that prevents Minnesota, there is nothing that prevents any of these States from banning these transactions. They can outlaw them. They can pass any type of tough legislation.

The gentlewoman from California is going to offer an amendment to basically put the California law as the law of all 50 States because she says California has this really tough provision and we want it in this bill. It will still be the law after we pass this legislation. It will still be the law in California. But to get enough support to pass this legislation, we have set a floor.

The gentlewoman from California talks about the attorney generals, that they wrote, all 50 of them, she said. But what you did not hear is that was to an original proposal before it came to the committee that I chair. When it came to the committee that I chair, we put in a provision that it does not preempt tougher consumer protection laws in those States that have it. In fact, my own attorney general who signed that letter wrote me September 13 and now says this legislation before us today will offer important new consumer protections for the citizens of my State. I do not have any protections now. The people of my State do not have any protections.

The gentlewoman from California, and I applaud her, and another gentlewoman from California and one of the gentlemen from Florida said, ''In 40 States, you walk in these stores and there is not even a price tag on there. There is not even a disclosure as to the price.'' That is true. What did we do? We added a provision in this legislation that we are considering which, if it passes today, will require that in all 50 States, something that two of the States of the four that call this a credit sale do not even have today. And important, they said one of the most important protections a consumer ought to have. They will have that even in two of these States, including North Carolina.

Several things that North Carolina does not have if this law passes, they will have a much stronger law. Yes, we are overruling a judge in four States because we have to have a national standard. This does not work. You have to either call it a lease if you are going to have a Federal statute, or you have to call it a credit sale. Forty-six legislatures have said it is a credit sale. Those States, not legislatures, 46 States, including the majority of legislatures who have looked at it, well, all the legislatures that have looked at it say it is a lease. None of the legislatures have said it is a credit sale. Four judges sitting in four courts in four States have said it is a credit sale. The FTC, the Federal Reserve said this could be confusing. The IRS says it is not, that it is a lease. That is how we have come down. We have come down on the side of every legislature that has looked at this, the two Federal agencies that have looked at this, we have come down on that side. We have disagreed with four judges sitting in four courtrooms across the country because we have to come down on one side or the other because we strengthen the protections in 36 States, and we absolutely do not preempt any law that California has on the books today or other States, the 15 that have stronger laws except the credit sales thing.

Mr. Chairman, I reserve the balance of my time.

Ms. WATERS. Mr. Chairman, I yield 6 minutes to the gentleman from New York (Mr. LAFALCE).

(Mr. LAFALCE asked and was given permission to revise and extend his remarks.)

Mr. LAFALCE. Mr. Chairman, I regret that I must come to the well of the House to oppose the bill that is before us today. Even if the amendments, the two amendments that have been permitted by the Committee on Rules, should pass, I would still have to vote against it as inadequate. I do this with some mixed emotions, however, because I believe it is very, very important for us to pass additional consumer protections for rent-to-own transactions. I do this not opposed to the concept of a rent-to-own transaction whatsoever. For certain individuals at certain times, they can be valuable. But before we pass a Federal law, it should meet a very solid standard. This bill simply does not do that.

We have a delicate balance that we have to reach whenever we pass Federal legislation given the dual sovereignty under which we exist. We have to have, it seems to me, minimal Federal standards, but permit States to be even more protective, not less, so that we could have competition for the best standard rather than a lowering of the standards.

□ 1245

This bill just does not do this.

Now, the gentleman from Alabama has said there are approximately 20 states that do not have any protections and that this bill would, therefore, be an improvement for them. I think the gentleman is right, and that is one side of the coin.

The other side of the coin, though, is that we do preempt things that the gentleman says we do not preempt, and we ought not to. The amendment that I proposed to the Committee on Rules which would deal with the preemption issue in a very good manner was simply not permitted by them, so we cannot bring it to the floor so we could have a debate on it. I think the gentlewoman from California (Ms. WATERS) will be offering a motion to recommit with her own preemption provision. It will differ a little from mine. We will see.

But who is for this bill and who is against it? First of all, it is called consumer rent-to-own. I think that is a misnomer, because no consumer groups support this bill. As a matter of fact, they all oppose it. The group Consumer Action opposes it, the Consumer Federation of America opposes it, Consumers League of New Jersey opposes it, the Consumers Union opposes it, the National Association of Consumer Advocates opposes it, the National Consumer Law Center opposes it, the U.S. Public Interest Research Group opposes it.

Who favors it? It is the rent-to-own industry, that has put the word ''consumer'' in the front of the bill. So I think this is a little bit deceptive in its marketing and its advertising.

Now, what about the attorneys general of the various States? I do know that the original bill as introduced was opposed by every single attorney general of every single State.

The bill has been amended and it has been improved, there is no question about that. But I know of no attorney general who has privately or publicly changed his or her opinion. Maybe you do. But all I do know is that at least with respect to the original bill, every single attorney general opposed it. So I think that is of some relevance, too, as we determine whether we want to pass a bill, especially if that bill will be preemptive.

Now, the question is, is the bill preemptive or not? You have differences of opinion, so let us go to the language of the bill. As I read it, it sounds pretty preemptive to me. On page 33, line 21, (b), ''State laws relating to characterization of transaction. Notwithstanding the provisions of subsection (a), this title shall supersede any state law that, (1) regulates a rental purchase agreement as a security interest, credit sale, retail installment sale, conditional sale or any other form of consumer credit, or that imputes to a rental-purchase agreement the creation of a debt or extension of credit, or, (2) requires the disclosure of a percentage rate calculation, including a time-price differential, an annual percentage rate, or an effective annual percentage rate.''

The States that have that will be superseded, and every single State in the Union will be precluded from doing that in the future. I say to the gentleman from Alabama, if that is not preemption, I do not know what it is.

Now, there are a lot of other difficulties, too, other than the issue of preemption. The issue of cash price is one of them. There have been studies done about the percentage of individuals who do not really rent, but ultimately wind up owning. The studies can be interpreted differently and they differ, but, suffice to say, a significant number do wind up owning it.

The fact of the matter is, if they were to go to some department store, they might be able to buy a TV set for $200, and, unfortunately, they wind up paying closer to $800 or $1,000 for it, and they think they are getting a good deal. They need to be protected. Some States attempt to protect them, and we would preclude that, and we certainly would apply that to all the States.

If we are going to have Federal legislation, we must deal with that cash-price issue. We must deal with what the total cost of ownership would be, because too many individuals across America are being taken to the cleaners right now.

We have an important business in our society, the rent-to-own business. It should exist and it can serve a valuable function for certain clients, but only if we legislate consumer protections. We probably could get there through a process of negotiation, but we have not as of today.

Mr. Chairman, I urge everyone to oppose final passage of this bill.

Mr. BACHUS. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina (Mr. JONES), one of the sponsors of the legislation. North Carolina has been mentioned as one of the four States, and there are sponsors of this legislation from the State of North Carolina.

Mr. JONES of North Carolina. Mr. Chairman, since we have been talking about attorneys general around the United States, I must tell you one of my very best friends whom I served with for 10 years in the North Carolina House of Representatives is the Attorney General of North Carolina. His name is Roy Cooper. We have talked about a couple of other issues, but never did this come up. Maybe the other 49 are very concerned, but he has not shared that concern with me.

Let me tell just briefly the history of this issue as it relates to legislation dealing with the rent-to-own business. This goes back to a bill that was introduced 10 years ago by Congressman LoRocco from the West. That was 10 years ago, and, finally, after 10 years, right or wrong, we have brought this legislation to the floor. I certainly respect my friends on the other side of this issue, and I mean that most sincerely.

This consumer rent-to-own purchase agreement act, I do want to restate, represents the largest category of consumer transactions currently unregulated by the Federal Government. I mention that because we held hearings in the subcommittee of the gentleman from Alabama (Mr. BACHUS). I do not know if we had three or four, but I know there were several discussions. The gentlewoman from California (Ms. WATERS) was very proactive. I disagree, but I respect her ability and her positions on this issue.

I think that the rent-to-own business, quite frankly, has wanted to work with the Congress on this legislation. Does it go far enough? Maybe not, but is it a step in the right direction? I think it is. Several comments have been made about the rent-to-own industry and just how bad some people think it is, and I would like to read just a couple of survey comments from the Federal Trade Commission, survey of rent-to-own customers, and this is April of 2000. I believe that the Clinton administration was the administration in the year 2000.

Let me read, in a couple of minutes, some of their surveys of those people who do rent the rent-to-own equipment. Sixty-seven percent of consumers intended to purchase the merchandise when they began the rent-to-own transaction, and 87 percent of the customers intending to purchase actually did purchase. So that sounds like to me a satisfied customer. I cannot imagine anyone not satisfied that would buy the product. Seventy-five percent of rent-to-own customers were satisfied with their experience with rent-to-own transactions. Seventy-five percent.

They also state that nearly half of all rent-to-own customers have been late making a payment. Sixty-four percent of late customers reported that the treatment they received from the store when they were late was either very good or good, and another percent, 20 percent, reported that the treatment was fair. So, Mr. Chairman, in that case 84 percent of the people that were late in their payments said that they had an experience with the business that was very positive.

I want to close with this minute by reading a letter from four of my colleagues from the Democratic side that I think would rate with anyone as being a friend of the consumer in this country. It is the gentleman from New York (Mr. TOWNS), the gentleman from New York (Mr. MEEKS), the gentleman

from Maryland (Mr. WYNN), the gentleman from Louisiana (Mr. JEFFERSON) and the gentleman from South Carolina (Mr. CLYBURN). They sent a letter out on September 17. That is this week, obviously. I want to read, in closing, one paragraph:

''H.R. 1701 will help consumers in several ways. Most importantly, like the Truth in Lending Act and the Consumer Leasing Act, the bill improves disclosures so that consumers can understand the full costs of this transaction and make better decisions about spending their money. For example, about 30 states do not require any price tag disclosures of total costs, and H.R. 1701 will fix that. It prohibits mandatory purchase of insurance from merchants and other unfair charges. It forbids abusive collection practices. It provides moderate or substantial expansion of reinstatement rights in about 40 states. It authorizes enforcement by the FTC and State attorneys general.''

And they close by saying this, the gentleman from New York (Mr. TOWNS), the gentleman from New York (Mr. MEEKS), the gentleman from Louisiana (Mr. JEFFERSON), and the gentleman from South Carolina (Mr. CLYBURN) close this way, by saying to their colleagues, ''We urge you to consider the merits of H.R. 1701 carefully, and we seek your support for its passage.''

Mr. BACHUS. Mr. Chairman, I reserve the balance of my time.

Ms. WATERS. Mr. Chairman, I yield 4 minutes to the gentlewoman from Ohio (Mrs. JONES).

Mrs. JONES of Ohio. Mr. Chairman, I thank the gentlewoman from California for yielding me this time.

I have prepared comments, but before I get to them let me say that it is really wonderful that the gentleman from Maryland (Mr. WYNN), the gentleman from Louisiana (Mr. JEFFERSON), the gentleman from South Carolina (Mr. CLYBURN), and the gentleman from New York (Mr. MEEKS) and the gentleman from New York (Mr. TOWNS) would write a letter, but I am the gentlewoman from Ohio and there is the gentlewoman from California (Ms. WATERS) and the gentlewoman from California (Ms. LEE) and the gentleman from New York (Mr. LAFALCE) and a number of great Members of this Congress who oppose this legislation.

Secondly, I do not care what a survey said about 67 percent intending to purchase or 87 percent did purchase. They are consumers, and as a Member of Congress, I am here to protect the consumers from the State of Ohio, California, New York, and anywhere else, and just because they responded to a survey as such does not mean they are being protected.

A few days ago, Mr. Chairman, I stopped by one of those fancy coffee shops that serve enough coffee variations for nearly everybody's peculiar tastes. Instead of going with my usual black with two sugars, I decided to be a bit more adventuresome and ordered a double-decaf-triple-blend-nondairy-double-latte-hazelnut-cappuccino. But when I got my customized drink, I had to sift through a thick layer of fluffy foam in order to get to a few sips of coffee that were actually in my cup. All in all, my coffee adventure was a big letdown, just like H.R. 1701 is also a letdown, and once you sift through the fluff, it is clear that this bill advances the interests of the rent-to-own industry while leaving its customer in a haze of disinformation.

The gentlewoman from California (Ms. WATERS) and the gentleman from New York (Mr. LAFALCE), my esteemed colleagues, have offered several amendments that would address the abuses in what can rightfully be classified as legal loanshark rates. Without their amendments, the rent-to-own industry becomes a form of debt slavery where customers pay and pay and pay but in the end they may never get anything for their money.

We have heard the horror stories about the rent-to-own customers ultimately paying up to five times an item's actual cost before they can own it. Some in the industry have tried to skirt the issue of interest rates by claiming that these are not actually credit sales. But those claims conveniently ignore the ultimate goal of most rent-to-own customers, to own the product. The fundamental issue comes down to disclosure and H.R. 1701's advocates have tried to paint a picture of the excessive burdens that will come with disclosing some basic facts and answering simple questions about these transactions. But what is so burdensome about answering questions, as many of our amendments would do, such as what is the cash price if I buy today? Is that burdensome? Or what is my early purchase option? Or what is the effective interest rate if I make my weekly or monthly payment until I own the item? It is almost like those insurance policies that people of color used to buy in Alabama and they come by every day and pay 25 cents a week and month after month after month for 30 years and when they die they cannot even be put in the ground. What about what is the cost of any insurance of the services I pay? Or what about what are the guarantees in effect while I am still paying under a rent-to-own and after I purchase the item? Simple questions that we all want an answer to. The answers to these questions will allow customers to make better informed decisions when they are choosing between using a rent-to-own service or to buy an item outright. Where is the burden in that?

While I recognize the rent-to-own industry may serve a legitimate purpose by allowing customers to have an item for only short periods of time or consider alternatives when deciding whether to purchase, H.R. 1701 as it stands right now only serves to advance the special interests of many of the economic scavengers in the rent-to-own industry who are looking to have a feast on unwitting consumers.

□ 1300

I urge my colleagues to vote against this legislation.

Mr. BACHUS. Mr. Chairman, I reserve the balance of my time.

Ms. WATERS. Mr. Chairman, I yield 4 minutes to the gentlewoman from California (Ms. LEE).

Ms. LEE. Mr. Chairman, I want to thank my colleague, the gentlewoman from California (Ms. WATERS), for yielding me this time and also for her clarity in leading the charge against this special interest, anticonsumer legislation. Her hard work and clear understanding of this legislation has really brought focus to this debate and to this very deceitful bill. I also want to thank our ranking member on the committee, the gentleman from New York (Mr. LAFALCE), for his leadership and his dedication to really try to fix this very badly broken bill.

Now, when our committee considered this bill, I supported numerous amendments to improve it, but, of course, to no avail. Last night Members sought an opportunity to offer several meaningful amendments to the bill here today, but the Committee on Rules only allowed two. So what are we left with? A bad, broken bill that is in desperate need of repairs.

That is why I rise today in strong opposition to the underlying bill, the so-called rent-to-own bill, and in strong support of the Waters and LaFalce amendments. A more accurate name for the bill in its present state might be rent-at-your-own-risk or rent-until-you-could-have-owned-it-three-times-over, because this bill fails to provide real consumer protections against unscrupulous operators who charge exorbitant rates to low-income people for items really that a wealthy person could buy with their credit card for a mere fraction of the price.

Concerns over the business practices of the rent-to-own industry are very real. These merchants entice vulnerable low- and moderate-income consumers to acquire household goods with no credit checks, no qualification, and low payments, and disguise the true cost of the transaction.

Here are just a few of the enticements commonly used; we have no doubt heard them before: ''Bad credit? No problem''; ''Need a TV? Come on down''; ''Get it today, enjoy it tonight''; ''The sooner you come in, the more money you will save.''

Well, perhaps on the other hand, if you do not live in a minority neighborhood, you may have never heard these ads.

These aggressive and alluring ads stress affordability and immediate rewards, only while completely ignoring the actual cost of acquiring the merchandise over the contract's term, which usually ends up being significantly higher than the cost of buying the merchandise through credit cards or more conventional means.

Though much of this bill merely duplicates existing weak rent-to-own

laws in many States, it really has an insidious core. At the heart of this bill lies preemption language that would kill stronger State laws in four States, Minnesota, New Jersey, Wisconsin, and Vermont, that still treat rent-to-own as a credit transaction. So if this bill is enacted, all States would be required to treat rent-to-own sales as if they were leases subject to minimum disclosures, and the few remaining consumer protections in those four States would actually be lost.

No wonder this bill is opposed by all of the consumer groups, including Consumers Union, Consumers Federation of America, National Consumer Law Center, ACORN, U.S. PIRG, and others. No wonder all 52 State attorneys general oppose this bill.

Congress should really be working for true consumer protections for all Americans in rent-to-own transactions, not assaulting the laws of four States and creating a Federal ceiling on the regulation of the industry.

Frankly, this bill is simply another in the long line of well-titled, good-sounding, anti-consumer bills that the majority deems appropriate to spend our time discussing when the end of the fiscal year is right around the corner and the majority of this Chamber's work on appropriations has yet to be done.

So I urge all Members to stand up for consumers today by voting for the Waters and LaFalce amendments and oppose this sham industry bill.

Mr. BACHUS. Mr. Chairman, this legislation passed out of the Subcommittee on Financial Institutions and Consumer Credit, which I chair, on a vote of 24 to four.

Mr. Chairman, I yield 3½ minutes to the gentleman from Connecticut (Mr. MALONEY), my Democratic colleague on the full committee.

Mr. MALONEY of Connecticut. Mr. Chairman, I rise to urge my colleagues to support the Consumer Rental Purchase Agreement Act, H.R. 1701. The bill before us is the product of many months of hard work by many Members. I especially want to thank the gentleman from North Carolina (Mr. JONES) and my Committee on Financial Services colleagues on both sides of the aisle for their constructive input in producing a bipartisan, consumer-friendly piece of legislation.

Let me be clear. This bill establishes a Federal floor for rent-to-own disclosures and consumer rights, and preserves States' options to regulate costs and other disclosures. That is, States can still apply further economic and substantive safeguards such as regulating maximum rental costs, allowable fees, and fair collection practices, should they decide to do so.

In April of 2000, the Federal Trade Commission issued a staff report that addresses many of the issues surrounding the rent-to-own industry. Generally speaking, the FTC report concluded that clear and comprehensive disclosures of the rental-purchase transaction would benefit both the industry and consumers. That is what this bill does.

Additionally, the FTC made some recommendations regarding the types of disclosures that would benefit the consumer the Consumer Rental Purchase Agreement Act before us today begins to implement those recommendations. Let me quote or cite a few examples.

Again, H.R. 1701 establishes a Federal floor, assuring that more protective State laws continue in force and can be enacted in the future. Secondly, the bill expands and assures that the consumer's acquisition rights will be preserved after a missed payment if the consumer acts to reinstate the lease within a specified period of time. The bill prohibits mandatory charges for damage waiver. It requires price tags and labels and clarifies what should be included on those price tags and labels. It requires more accurate cost disclosures, and it requires the disclosure of whether or not the equipment is new or used.

The bill prohibits merchants from imposing a balloon payment or any other special fee to acquire ownership, and it prohibits abusive practices and provides stringent liability and enforcement mechanisms. The bill gives enforcement power to both the FTC and to the State attorneys general, and the bill ties criminal and civil liabilities and penalties for violations to the requirements for the Truth in Lending Act and the Consumer Leasing Act.

My good friends who oppose this legislation are simply wrong. This legislation creates a Federal floor. For all of the good things that they would like to achieve, in addition to what this bill does, can in fact be done at the State level; and I would submit to them that right now there is no Federal structure for the regulation of this industry. What this bill does is create the Federal structure for the regulation of this industry, for the benefit of the consumer, and creates an opportunity in the future to add additional protections as those protections are argued successfully through the congressional process. So this is a great opportunity for the consumer that we offer here today in this legislation.

Is this bill good for industry? Of course it is good for industry, because it creates that mandatory minimum Federal floor which helps create the national marketplace in which this activity can take place. That is the benefit of a continental market. But is it good for the consumer? Of course it is good for the consumer, because it establishes rights that consumers do not have now, takes no rights away, and gives the opportunity for additional rights, either to be granted by the States or to be granted by the Congress of the United States.

Mr. Chairman, this is a very important step forward for consumers in this country, as well as a step forward for our economy.

Ms. WATERS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to correct a few things. My colleague, the gentleman from Alabama, listed the FTC and cited the FTC report I think as support for the legislation. The FTC responded that they did not support a need for Federal legislation at this time. I just wanted to clear the record of that.

Also, I want to clear up some statements that were made by my colleague relative to preemption. We have a letter from the State of Wisconsin that says that this proposal would block all future State efforts to protect rent-to-own customers within the context of consumer credit regulation. They also go on to say that the substitute's approach to preemption is in conflict with the fundamental principle underlying the attorneys general letter of September 5, 2001.

So I do not want the Members of Congress to believe that somehow preemption is not a question. It certainly is still a question and, certainly, there is preemption.

Mr. Chairman, I want to share with my colleagues that some of the amendments that I attempted have been alluded to by other Members who have talked about this bill. I want to share with my colleagues that I tried to amend this legislation that would basically place a cap on total price. My amendment was based on New York and Iowa, law which requires that a percentage of the periodic payment be devoted to equity. My amendment would have provided that 75 percent of each payment would count as an ownership interest in the property, and that the customer would acquire full ownership of the property when he or she had paid an amount equal to 133 percent of the cash price.

Well, that was opposed; and that is what some of my colleagues were talking about when they talked about the exorbitant prices.

Also, I would like to point out that I tried desperately to do something about the abusive practices with an amendment, and I cited some of the things that happened with these repossessions. Many of the rent-to-own contracts have clauses which attempt to sanction the entry into the customer's residence when the customer is not even at home. The contract currently used by a large company provides, and I quote, that ''the lessor shall have the right forthwith and without prior notice to enter any premises where said property is located and take immediate possession of said property without the necessity of any legal or judicial process,'' and ''the lessee shall be obligated to reimburse the lessor for any and all expenses related to any reasonable effort to repossess the property, including reasonable attorneys' fees.''

This industry is unconscionable.

Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. LAFALCE).

Mr. LAFALCE. Mr. Chairman, there are a number of difficulties with this bill. We could deal with those difficulties if we had more time and willingness, and if we were negotiating it, rather than an attempt to negotiate it with the industry. If we just proceed with this bill, I think it is dead for this Congress. I do not think it will see the light of day in the Senate.

What are some of the issues? Well, first of all, preemption is an issue. I read off the specific provisions of the bill that preclude preemption. The gentleman from Wisconsin (Mr. SENSENBRENNER), the chairman of the Committee on the Judiciary, wrote an excellent opinion explaining the difficulties he has because of preemption. These are not make-believe arguments; they are consumer protections that are preempted. States cannot do it. State laws are superseded. We need to deal with that issue.

Now, I actually do not think that those are the primary concerns of the rent-to-own industry. What are their primary concerns which probably only a handful of Members, at best, would even be aware of?

□ 1315

First, it is not so much the APR consumer protections, it is the treatment, the tax treatment of the rent-to-own contract. It is not that the IRS has said this is a lease to be written off for 3 years, it is that the rent-to-own industry got Congress to put a provision in the Tax Code that says a rent-to-own contract shall, by definition, be a lease, and shall be allowed a 3-year write-off. They are afraid that some provision of the Federal or State law might alter that treatment. We can deal with that.

They are also concerned, too, about if it is considered to be a credit sale, it might not be considered an asset of theirs. If it is not an asset of theirs, they might not have the security that is available to obtain cash flow financing from financial institutions. So that is another concern. I think that is something that could be dealt with, too.

In other words, we could deal with their business problems while still having good Federal standards for consumer protection and allowing the States to go further. This bill does not do it.

Mr. BACHUS. Mr. Chairman, I yield 3 minutes to the gentlewoman from New York (Mrs. KELLY).

Mrs. KELLY. Mr. Chairman, I thank the gentleman from Alabama (Mr. BACHUS) for yielding time to me.

Mr. Chairman, I rise in strong support of H.R. 1701. This is bipartisan legislation which would create a nationwide floor for rent-to-own contracts. In turn, this floor would create greater opportunities and flexibility for consumers to choose from when acquiring new products.

What kind of flexibility? Rent-to-own consumers do not need to commit to any specified amount of time to use these products. One example would be consumers who like to test out different products before deciding which product they will purchase. Rent-to-own gives them an opportunity to do that by just allowing the consumers to determine which of these products best suits their needs before purchasing that product.

In addition, rent-to-own allows consumers to obtain products they may only need for a short time. For instance, a consumer may want a giant screen TV for just the fall football season. They could engage in a rent-to-own contract for the fall, and at the end, simply return the TV, no questions asked, and end the agreement right on the spot.

Another example is particularly helpful for parents of children interested in taking music lessons on an instrument. These parents can obtain the instrument the child is interested in with a rent-to-own agreement. If the child loses interest, parents can simply return the instrument and stop making payments. Many school districts in the United States of America have this sort of thing in place.

Rent-to-own represents a viable and simple alternative for many Americans not looking to purchase a product. However, rent-to-own also represents an option for many Americans who lack credit or who do not have the funds to purchase a product they otherwise would be unable to obtain, so they do it slowly, with a rent-to-own contract.

In essence, this legislation is about ensuring greater options for consumers. As a body, I believe it is our mission to create more and not limit choices and opportunities for consumers.

Those opposed to this legislation claim the bill would override State law and harm consumers. That is a gross distortion. While this legislation would create a new floor for consumer protections in the States, in no way would the bill change any State law which is stronger than the standards written in the bill, nor would this bill prevent any State from enacting even stronger consumer protections for these leasehold agreements. What the bill does is create a floor of strong consumer protections from which States can work to help consumers who want to take advantage of rent-to-purchase opportunities.

I urge my colleagues on both sides of the aisle to join us in support for this legislation to give all consumers better protections in these contracts, and a lot more options in the market.

Ms. WATERS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, what is behind this bill? Not a desire to create a Federal floor of consumer protections for rent-to-own customers, as the majority views allege. If Members really believe that the rent-to-own people are in here doing all of this fighting because they want to provide consumer protection for the people that they have been literally ripping off and abusing all of these years, then I guess I do have a bridge I want to sell them.

This is an effort to avoid hundreds of millions of dollars in legal penalties imposed by courts from precisely those States whose laws it would preempt. Since 1997, legal actions responding to State consumer law violations have produced legal judgments and settlements against the Nation's largest rent-to-own chain, Rent-a-Center, Incorporated, amounting to $30 million in Minnesota, $16 million in Wisconsin, and more than $60 million in New Jersey.

Unable to win under these State laws, or to overturn them at the State level, the rent-to-own industry is simply calling on Congress to preempt them. All of the national consumer organizations oppose H.R. 1701, as has been indicated, as an inadequate standard to protect vulnerable consumers from misleading lease arrangements that really mask installment sales at exorbitant rates of interest. That is what this is all about.

If Members travel through Washington, D.C. in the poorest areas, or any of these cities, Members will see the check cashing industry, the payday loan industry, the rent-to-own industry, where they put their operations, where people are the poorest and most vulnerable, people who are desperate, who do not ask the questions, and who are willing to do everything they can to make those weekly payments without asking, what is the bottom line? What do they add up to?

Mr. Chairman, we cannot allow the Congress of the United States to be used to shield these rip-off rent-to-own dealers. We cannot allow this industry, I do not care how powerful they think they are, how much money they think they have, to come in here and use the Congress of the United States to keep ripping off people who expect some protection from us.

If we cannot stop this legislation on the floor of Congress, we are not worth our salt. I would simply say to the Members of Congress, it is preemption, it is abusive, it is exorbitant. This is the worst of the worst.

Again, for all people who went home and said to their constituents, forgive me about Enron, I did not know any better; forgive me about WorldCom, I did not know any better; yes, I am going to be about corporate responsibility; no, I will not allow the rip-off of the citizens of the country anymore, what are they going to tell their consumers and their citizens and their constituents when they go home after they have voted for this?

We are not going to let Members forget it. This is an area that some of us are going to have to spend priority time on: predatory lending. Everybody that falls under that banner, they have had free rein in America for too long, and people are suffering from it.

The assets, the hopes, and aspirations are being drained out of poor communities. They will never catch up. They will never be able to have a savings account. They will never have money to pay down on a home because they have been ripped off, dribble by dribble, buck by buck.

I do not care whether it is Democrats or Republicans, this is not a bipartisan bill. Do not give me the name of any Democrats who support it, because they are just as bad as those on the opposite side of the aisle who support this. I do not care what color they are, I do not care where they come from. As a matter of fact, I intend to expose every legislator, black, green, purple, I do not care what they are, that supports this kind of legislation. They have too much power. The people have invested too much in the Members of Congress for them to take their power and use it in this fashion. Not only is it unconscionable, but I daresay it is criminal to do so.

So they can name all the people who they want to name who supposedly support it, they can fashion their arguments in any way they want to call preemption, nonpreemption. They do not even try to defend against the abuses. They do not even try to defend against the exorbitant price because they cannot. It is just that bad.

Shame on us if we allow this legislation to get out of here. Shame on us who are elected by the people of this country, expecting us to give them some minimal protection. Many of them do not know about all of the fancy, highfalutin corporate relationships we have around here, but many of them do know that on a day-to-day basis they have to go to these little businesses because they think they have no place else to go to get a little help. They think we are looking out for them. I ask the Members of Congress to reject this legislation.

Mr. BACHUS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am not sure whether I am sort of tan or yellow or whatever I am, but whatever I am, I want to agree with the gentlewoman from California (Ms. WATERS) about one thing. She has outlined a number of abuses. She has argued about a number of people that are being ripped off. I agree. But what she is saying has nothing to do with this bill, because this bill absolutely increases consumer protection.

Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. SANDLIN) to close, one of 24 Members of the Committee, after 4 days of hearings and markup, who voted overwhelmingly for this bill.

Mr. SANDLIN. Mr. Chairman, I am glad that the House is finally considering this bipartisan legislation to establish Federal oversight of the rent-to-own industry. Contrary to what we have heard today, many of my poor constituents, my consumers, have absolutely no access to consumer products without the rent-to-own industry.

As we have all heard today, currently there is no Federal oversight or regulation of the rental purchase industry. The lack of a Federal consumer protection statute for this growing industry is inexcusable; it is unconscionable.

While H.R. 1701 may not be a perfect piece of legislation, it represents a vast improvement over the inadequate status quo that has been referred to today.

According to an April 2000 Federal Trade Commission staff report, the rent-to-own industry serves approximately 3 million Americans and generates nearly $4.5 billion in revenues. It is time for Congress to enact a Federal statute governing this growing industry that will subject rent-to-own merchants to Federal oversight and reasonable minimum standards for contracts and point-of-rental disclosures.

By establishing a Federal floor for rental purchase agreements, H.R. 1701 will strengthen consumer protections in 32 States, including the State that I am from in Texas.

At the same time, I have read this measure and this measure does not preempt State statutes that provide consumers with even tougher protections for consumers, including disclosures intended to give rental purchase consumers all the information necessary to make intelligent decisions. They can make those intelligent decisions, and they do have more protections. This is pro-consumer in Texas and across the country.

Ironically, the opponents of a uniform Federal standard for the rent-to-own industry, which would regulate the industry under the Truth in Lending Act, are usually the most forceful advocates of Federal protection for consumers. Far from being a weakening of consumer protections, as some opponents of this measure contend, H.R. 1701 merely codifies rulings by both the Federal Reserve Board and the Internal Revenue Service that treat rental purchase tax credits as lease sales.

This is pro-consumer, it is pro-protection. It increases the ability of consumers to have information to make intelligent decisions about the purchases they have, and it gives the poor, the disadvantaged, the unfortunate the opportunity to have access to consumer products that they could get absolutely no other way.

I urge my colleagues to pass this long overdue measure. Let us get some regulation in this industry. Let us help our consumers.

Mr. Chairman, as an original cosponsor of the Consumer Rental Purchase Agreement Act, I am glad that the House is finally considering this bipartisan legislation to establish federal oversight of the rent-to-own industry.

As we have all heard today currently there is no federal oversight or regulation of the rental purchase industry. The lack, of a federal consumer protection statute for this growing industry is inexcusable, and while H.R. 1701 may not be a perfect piece of legislation, it represents a vast improvement over the inadequate status quo.

According to an April 2000 Federal Trade Commission staff report, the rent-to-own industry serves approximately 3 million Americans and generates nearly $4.5 billion in annual revenues.

In Texas alone, the rent-to-own industry generates nearly $500 million in annual revenues and employees 7,500 people. It is time for Congress to enact a federal statute governing this growing industry that will subject rent-to-own merchants to federal oversight and reasonable minimum standards for contract and point-of-rental disclosures.

By establishing a federal floor for rental purchase agreements, H.R. 1701 will strengthen consumer protections in 32 states, including Texas, that currently afford consumers weaker safeguards than those contained in the Consumer Rental Purchase Agreement Act. At the same time, this measure does not preempt state statues that provide consumers with even tougher protections for consumers, including disclosures intended to give rental purchase customers all the information necessary to make intelligent decisions.

Ironically, opponents of a uniform, federal standard for the rent-to-own industry, which would regulate the industry under the Truth-in-Lending Act, are usually the most forceful advocates of federal protections for consumers. Far from being a radical weakening of consumer protections, as some opponents of this measure contend, H.R. 1701 merely codifies rulings by both the Federal Reserve Board and Internal Revenue Service that treat rental-purchase transactions as lease sales.

I urge my colleagues to pass this long-overdue measure on behalf of rental-purchase consumers across the country.

Mr. STARK. Mr. Chairman, I rise today in opposition to H.R. 1701, the so-called Consumer Rental Purchase Agreement Act.

This bill has nothing to do with protecting consumers. It doesn't help the most financially vulnerable Americans that often rely on rent-to-own agreements just to afford some of the most basic necessities for their families.

This bill is more about letting the $5 billion dollar a year rent-to-own industry get out from under strict consumer protection standards in force in several states. This shouldn't come to anyone's surprise considering the Republican leadership's track record of giving corporate interests a free ride at the expense of America's working families.

Proponents of this bill are right in pointing out that rent-to-own agreements are not subject to any federal standard. But, their effort to create a new national standard is severely misguided. Not only does it overturn tougher consumer protection laws already in place in most states. But, it will also prevent some states from regulating these transactions altogether.

In addition, this bill doesn't include important disclosure requirements mandating that rent-to-own businesses inform consumers of the total cost of entering into these agreements. This undermines the basic principle of a free market by barring Americans from shopping competitively and making informed choices.

We should do more to demand accountability from the rent-to-own industry. This bill simply gives them a shelter to play games with financing gimmicks and impose hidden fees on vulnerable consumers.

I think Congress owes more to America's working families than to conspire in another

corporate scam. I urge my colleagues to stand up for consumers and vote down this misguided bill.

Ms. SCHAKOWSKY. Mr. Chairman, today I rise in strong opposition to H.R. 1701. I urge my colleagues to join me in opposing this anti-consumer legislation. I want to thank Representative WATERS for her tireless work on behalf of consumers. Every national consumer rights organization and 52 state and extraterritorial Attorney Generals oppose this bill. I should also note that there is bipartisan opposition to this bill. The Judiciary Committee Chairman has stated that ''H.R. 1701 is a misguided attempt to preempt the existing laws of virtually every state.'' I could not agree more.

This legislation sacrifices consumer protections for the sake of a politically connected industry that is notorious for exploiting consumers. We should not preempt strong consumer protection laws in Minnesota, New Jersey, Wisconsin, and Vermont. This bill would also effectively stop states from passing strong consumer protections in the future.

The $5 billion a year rent to own industry offers goods and services to people who do not have the credit or money to buy goods at the regular sales price. I should note that this industry that already receives special treatment by the IRS. The IRS grants the Rent to Own Industry a three-year depreciation schedule. The horse racing business is the only other industry that has a three-year depreciation schedule. This legislation will give this industry even more ''special treatment.''

H.R. 1701 effectively allows the rent to own industry to hide the true costs of its transactions by hiding interest rates. Consumers should know the final cost of a deal they have agreed to.

This industry provides goods to those who are unable to conventionally purchase goods. We in Congress should work to strengthen and not weaken protections for families that are struggling to make ends meet. Low-income people predominately use this market. It is estimated that over 30% receive some form of public assistance, 59% earn less than $25,000 and 73% have a high school degree or less. These consumers frequently end up paying 10 to 15 times of the rental price. On average it takes a consumer 77 weeks to own the good.

Consumers are deceived by low monthly installment rates. People should absolutely know what they are getting into when they agree to buy an item over a long period of time. This legislation will make it even harder for consumers to get fair and accurate information about their obligations. We in Congress should work to strengthen, not weaken protections for working families. This legislation will effectively increase low-income people's debt. Join me in voting against this anti consumer legislation and voting for the motion to recommit that is being offered by the gentlelady from California.

Mr. PAUL. Mr. Chairman, H.R. 1701, the Consumer Rental Purchase Agreement bill, rewriters every rent-to-own contract in the nation to conform to the dictates of federal politicians and bureaucrats. This bill thus represents another usurpation by Congress of powers reserved by the 9th and 10th amendments of the Constitution to the states and the people.

Rent-to-own transactions provide many low-income individuals an affordable means of obtaining durable goods, such as furniture, appliances and computers. Rent-to-own also provides a way of obtaining luxury items for a short time. For example, someone who cannot afford a big screen TV can use a rent-to-own contract to obtain such a TV to watch the Super Bowl.

Proponents of H.R. 1701 admit the benefits of rent-to-own but fret that rent-to-own transactions are regulated by the states, not the federal government. Proponents of this legislation claim that state regulations are inadequate, thus making federal regulations necessary. My well-intentioned colleagues ignore the fact that Congress has no legitimate authority to judge whether or not state regulations are adequate. This is because the Constitution gives the federal government no authority to regulate this type of transaction. Thus, whether or not state regulations are adequate is simply not for Congress to judge.

Some may claim that H.R. 1701 respects states' rights, because it does not preempt those state regulations acceptable to federal regulators. However, Mr. Chairman, this turns the constitutional meaning of federalism on its head. After all, the 10th amendment does not limit its protections to state laws approved of by the federal bureaucracy.

In addition to exceeding Congress's constitutional authority, H.R. 1701, like all federal regulatory schemes, could backfire and harm the very people it was intended to help. This is because any regulation inevitably raises the cost of doing business. These higher costs are passed along to the consumer in the form of either higher prices or fewer choices. The result of this is that marginal customers are priced out of the market. These consumers may prefer to sign contracts that do not meet federal standards as opposed to not having access to any rent-to-own contracts, but the Congress will deny them that option. According to the proponents of H.R. 1701, if people cannot obtain desired goods and services under terms satisfactory to the government, they are better off being denied those goods and services. Mr. Chairman, this type of ''government knows best'' legislation represents the worst type of paternalism and is totally inappropriate for a free society.

In conclusion, H.R. 1701 exceeds Congress's constitutional authority by regulating areas constitutionally left to the states. It also raises the cost of forming rent-to-own contracts and thus will deny those contracts to consumers who desire them. I therefore urge my colleagues to reject this paternalistic and unconstitutional bill.

Mr. SHOWS. Mr. Chairman, the rent-to-own industry provides an important service for those who cannot afford the initial expense of durable good purchases, such as furniture, washing machines, and televisions, and for those who are looking for temporary home furnishings. Many Mississippians rely on the convenience and accessibility of rent-to-own products. Nationally, rental and rent-to-own transactions total $5.3 billion each year. Because the rent-to-own industry provides such a vital service to so many people across the U.S., I am proud to support the Consumer Rental-Purchase Agreement Act on the floor of the House today.

The Consumer Rental-Purchase Agreement Act of 2002 (H.R. 1701) protects those consumers who opt to rent or rent-to-own. Because these types of transactions are short-term leases not covered by the Consumer Leasing Act or the Truth in Lending Act, H.R. 1701 fills a gap in federal regulation of consumer transactions.

H.R. 1701 regulates the rent-to-own industry by establishing federal regulatory framework for rent-to-own transactions. The legislation establishes a federal ''floor'' of minimum consumer protection for rent-to-own consumers in every state. This federal ''floor'' provides for consumer disclosures while still allowing states to impose price caps, fee limits, and other protections.

H.R. 1701 protects consumer rights. The bill extends the reinstatement period that preserves a consumer's acquisition rights after missing payments. It restricts the types of fees that merchants may charge, such as balloon payments for multiple late fees. The bill prevents merchants from requiring that customers purchase their damage waiver or insurance as a condition of the rental. It also prohibits abusive collection practices and protects customers from waiving their legal claims.

H.R. 1701 protects states' rights to regulate and establish business standards in the rent-to-own industry. The bill improves on the existing rent-to-own retail standards in more than 40 states but assures that more protective state laws continue in force. States can and do restrict rental costs and require further disclosures. H.R. 1701 also ensures the uniform definition of the transaction as a short-term lease with a purchase option (not an outright sale or secured transaction), consistent with current federal tax treatment and statutes in 46 states. The bill does not prevent states form imposing on rent-to-own transactions economic limits like those applied in state regulation of long-term leases or consumer credit.

The bill provides for more complete and accurate consumer disclosures, adopting several policy recommendations made by the Federal Trade Commission in a recent study of the industry. For example, H.R. 1701 requires that merchandise bear a price tag or label disclosing the ''total cost'' of the rental, including mandatory fees or charges, as well as the rental payment amount and number of payments to acquire ownership. Only 18 states currently require any type of price tag or label disclosure, and even fewer include all of the information mandated by H.R. 1701.

I am a proud cosponsor of this bipartisan legislation, which raises the standards of disclosure in the rent-to-own industry and ensures that consumers are protected during these transactions. As a member of the Committee on Financial Services, I voted in favor of this legislation on June 27th, which passed the committee with bipartisan support and was reported favorably to the full House, 29–9.

I am proud to support this bill on the floor of the House today because it guarantees that the relationship between rent-to-own retailers and consumers maintains its integrity and best serves each side's financial stake in rent or rent-to-own transactions.

Ms. JACKSON-LEE of Texas. Mr. Chairman, today I speak out in opposition to H.R. 1701. This bill does great harm to our nation's consumers while protecting the rent-to-own industry with weak regulations that are not suited to the true nature of the type of transaction these contracts really represent—credit-sales contracts.

Once again, we hasten to pass a bill that unfairly places the interests of common consumers below the interests of industry and

business. Unfortunately, there are those in the rent-to-own business who create these contracts without providing full disclosure to the consumers who use them—consumers who ultimately intend to own the television, furniture or other good contemplated in the rent-to-own agreement. When these consumers fail to make payment, instead of giving them reasonable terms and conditions prolonging the contract, or reinstating the contract owners of these contracts often take possession of these goods—even after the consumers has made significant payments under the contract in excess of the actual cost of the goods.

The measure also raises another issue that Republicans often use as a battle cry when they support regulation that oppresses the rights of individuals or threatens what they term as undue burdens on business and industry. I cannot count the number of times that I have heard Republicans raise the issue of states rights arguing that states know best and decrying Federal encroachment upon state matters. However, when they want to elevate the rights of our nation's industries over the rights of individual consumers, states rights goes right out of the door. This measure tramples on the decisions of state regulators to regulate rent-to-own contracts as credit sales and turns federalism on its head. H.R. 1701 would preempt strong state laws regulating rent-to-own contracts from New Jersey, Minnesota, Wisconsin and Vermont. This measure preempts stronger state laws regulating rent-to-own contracts and is opposed by 52 state and territorial Attorneys General.

Consumer advocates oppose this measure. Furthermore, all of the government witnesses during the Judiciary Subcommittee on Commercial and Administrative Law on this bill, including witnesses representing the Wisconsin Attorney General, the Federal Trade Commission and the Federal Reserve declined to recommend action on H.R. 1701, further making the argument that this is nothing more than a giveaway to the industry. Yet, we still see this measure progressing in the House.

I do not believe at this juncture, in our nation's history, that this legislation reflects Congressional concern for a nation with a stagnant economy and teetering on the brink of war. At a time when all of our nation's citizens are particularly concerned for their well being we should not pass legislation that will allow industry to capitalize on those citizens with the most exposure to these turbulent times. For these reasons I do not support H.R. 1701, and if present, I would have voted "no."

The CHAIRMAN pro tempore (Mr. HEFLEY). All time for general debate has expired.

Pursuant to the rule, the amendment in the nature of a substitute recommended by the Committee on Financial Services, amended by the amendment recommended by the Committee on the Judiciary, printed in the bill shall be considered as an original bill for the purpose of amendment under the 5-minute rule and shall be considered as read.

The text of the committee amendment in the nature of a substitute, as amended, is as follows:

H.R. 1701

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

***SECTION 1. SHORT TITLE.***

*This Act may be cited as the ''Consumer Rental Purchase Agreement Act''.*

***SEC. 2. FINDINGS AND DECLARATION OF PURPOSE.***

*(a) FINDINGS.—The Congress finds as follows:*

*(1) The rental-purchase industry provides a service that meets and satisfies the demands of many consumers.*

*(2) Each year, approximately 2,300,000 United States households enter into rental-purchase transactions and over a 5-year period approximately 4,900,000 United States households will do so.*

*(3) Competition among the various firms engaged in the extension of rental-purchase transactions would be strengthened by informed use of rental-purchase transactions.*

*(4) The informed use of rental-purchase transactions results from an awareness of the cost thereof by consumers.*

*(b) PURPOSE.—The purpose of this title is to assure the availability of rental-purchase transactions and to assure simple, meaningful, and consistent disclosure of rental-purchase terms so that consumers will be able to more readily compare the available rental-purchase terms and avoid uninformed use of rental-purchase transactions, and to protect consumers against unfair rental-purchase practices.*

***SEC. 3. CONSUMER CREDIT PROTECTION ACT.***

*The Consumer Credit Protection Act is amended by adding at the end the following new title:*

***''TITLE X—RENTAL-PURCHASE TRANSACTIONS***



***''SEC. 1001. DEFINITIONS.***

*''For purposes of this title, the following definitions shall apply:*

*''(1) ADVERTISEMENT.—The term 'advertisement' means a commercial message in any medium that promotes, directly or indirectly, a rental-purchase agreement but does not include price tags, window signs, or other in-store merchandising aids.*

*''(2) AGRICULTURAL PURPOSE.—The term 'agricultural purpose' includes—*

*''(A) the production, harvest, exhibition, marketing, transformation, processing, or manufacture of agricultural products by a natural person who cultivates plants or propagates or nurtures agricultural products; and*

*''(B) the acquisition of farmlands, real property with a farm residence, or personal property and services used primarily in farming.*

*''(3) BOARD.—The term 'Board' means the Board of Governors of the Federal Reserve System.*

*''(4) CASH PRICE.—The term 'cash price' means the price at which a merchant, in the ordinary course of business, offers to sell for cash the property that is the subject of the rental-purchase transaction.*

*''(5) CONSUMER.—The term 'consumer' means a natural person who is offered or enters into a rental-purchase agreement.*

*''(6) DATE OF CONSUMMATION.—The term 'date of consummation' means the date on which a consumer becomes contractually obligated under a rental-purchase agreement.*

*''(7) INITIAL PAYMENT.—The term 'initial payment' means the amount to be paid before or at the consummation of the agreement or the delivery of the property if delivery occurs after consummation, including the rental payment; service, processing, or administrative charges; delivery fee; refundable security deposit; taxes; mandatory fees or charges; and any optional fees or charges agreed to by the consumer.*

*''(8) MERCHANT.—The term 'merchant' means a person who provides the use of property through a rental-purchase agreement in the ordinary course of business and to whom a consumer's initial payment under the agreement is payable.*

*''(9) PAYMENT SCHEDULE.—The term 'payment schedule' means the amount and timing of the periodic payments and the total number of all periodic payments that the consumer will make if the consumer acquires ownership of the property by making all periodic payments.*

*''(10) PERIODIC PAYMENT.—The term 'periodic payment' means the total payment a consumer will make for a specific rental period after the initial payment, including the rental payment, taxes, mandatory fees or charges, and any optional fees or charges agreed to by the consumer.*

*''(11) PROPERTY.—The term 'property' means property that is not real property under the laws of the State where the property is located when it is made available under a rental-purchase agreement.*

*''(12) RENTAL PAYMENT.—The term 'rental payment' means rent required to be paid by a consumer for the possession and use of property for a specific rental period, but does not include taxes or any fees or charges.*

*''(13) RENTAL PERIOD.—The term 'rental period' means a week, month, or other specific period of time, during which the consumer has a right to possess and use property that is the subject of a rental-purchase agreement after paying the rental payment and any applicable taxes for such period.*

*''(14) RENTAL-PURCHASE AGREEMENT.—*

*''(A) IN GENERAL.—The term 'rental-purchase agreement' means a contract in the form of a bailment or lease for the use of property by a consumer for an initial period of 4 months or less, that is renewable with each payment by the consumer, and that permits but does not obligate the consumer to become the owner of the property.*

*''(B) EXCLUSIONS.—The term 'rental-purchase agreement' does not include—*

*''(i) a credit sale (as defined in section 103(g) of the Truth in Lending Act);*

*''(ii) a consumer lease (as defined in section 181(1) of such Act); or*

*''(iii) a transaction giving rise to a debt incurred in connection with the business of lending money or a thing of value.*

*''(15) RENTAL-PURCHASE COST.—*

*''(A) IN GENERAL.—For purposes of sections 1010 and 1011, the term 'rental-purchase cost' means the sum of all rental payments and mandatory fees or charges imposed by the merchant as a condition of entering into a rental-purchase agreement or acquiring ownership of property under a rental-purchase agreement, such as the following:*

*''(i) Service, processing, or administrative charge.*

*''(ii) Fee for an investigation or credit report.*

*''(iii) Charge for delivery required by the merchant.*

*''(B) EXCLUDED ITEMS.—The following fees or charges shall not be taken into account in determining the rental-purchase cost with respect to a rental-purchase transaction:*

*''(i) Fees and charges prescribed by law, which actually are or will be paid to public officials or government entities, such as sales tax.*

''(ii) Fees and charges for optional products and services offered in connection with a rental-purchase agreement.

''(16) STATE.—The term 'State' means any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.

''(17) TOTAL COST.—The term 'total cost' means the sum of the initial payment and all periodic payments in the payment schedule to be paid by the consumer to acquire ownership of the property that is the subject of the rental-purchase agreement.

**''SEC. 1002. EXEMPTED TRANSACTIONS.**

''This title shall not apply to rental-purchase agreements primarily for business, commercial, or agricultural purposes, or those made with Government agencies or instrumentalities.

**''SEC. 1003. GENERAL DISCLOSURE REQUIREMENTS.**

''(a) RECIPIENT OF DISCLOSURE.—A merchant shall disclose to any person who will be a signatory to a rental-purchase agreement the information required by sections 1004 and 1005.

''(b) TIMING OF DISCLOSURE.—The disclosures required under sections 1004 and 1005 shall be made before the consummation of the rental-purchase agreement and clearly and conspicuously in writing as part of the rental-purchase agreement to be signed by the consumer.

''(c) CLEARLY AND CONSPICUOUSLY.—As used in this section, the term 'clearly and conspicuously' means that information required to be disclosed to the consumer shall be worded plainly and simply, and appear in a type size, prominence, and location as to be readily noticeable, readable, and comprehensible to an ordinary consumer.

**''SEC. 1004. RENTAL-PURCHASE DISCLOSURES.**

''(a) IN GENERAL.—For each rental-purchase agreement, the merchant shall disclose to the consumer the following, to the extent applicable:

''(1) The date of the consummation of the rental-purchase transaction and the identities of the merchant and the consumer.

''(2) A brief description of the rental property, which shall be sufficient to identify the property to the consumer, including an identification or serial number, if applicable, and a statement indicating whether the property is new or used.

''(3) A description of any fee, charge or penalty, in addition to the periodic payment, that the consumer may be required to pay under the agreement, which shall be separately identified by type and amount.

''(4) A clear and conspicuous statement that the transaction is a rental-purchase agreement and that the consumer will not obtain ownership of the property until the consumer has paid the total dollar amount necessary to acquire ownership.

''(5) The amount of any initial payment, which includes the first periodic payment, and the total amount of any fees, taxes, or other charges, required to be paid by the consumer.

''(6) The amount of the cash price of the property that is the subject of the rental-purchase agreement, and, if the agreement involves the rental of 2 or more items as a set (as may be defined by the Board in regulation) a statement of the aggregate cash price of all items shall satisfy this requirement.

''(7) The amount and timing of periodic payments, and the total number of periodic payments necessary to acquire ownership of the property under the rental-purchase agreement.

''(8) The total cost, using that term, and a brief description, such as 'This is the amount you will pay the merchant if you make all periodic payments to acquire ownership of the property.'.

''(9) A statement of the consumer's right to terminate the agreement without paying any fee or charge not previously due under the agreement by voluntarily surrendering or returning the property in good repair upon expiration of any lease term.

''(10) Substantially the following statement: '***OTHER IMPORTANT TERMS***: See your rental-purchase agreement for additional important information on early termination procedures, purchase option rights, responsibilities for loss, damage or destruction of the property, warranties, maintenance responsibilities, and other charges or penalties you may incur.'.

''(b) FORM OF DISCLOSURE.—The disclosures required by paragraphs (4) through (10) of subsection (a) shall be segregated from other information at the beginning of the rental-purchase agreement and shall contain only directly related information, and shall be identified in boldface, upper-case letters as follows: ''***IMPORTANT RENTAL-PURCHASE DISCLOSURES***'.

''(c) DISCLOSURE REQUIREMENTS RELATING TO INSURANCE PREMIUMS AND LIABILITY WAIVERS.—

''(1) IN GENERAL.—A merchant shall clearly and conspicuously disclose in writing to the consumer before the consummation of a rental-purchase agreement that the purchase of leased property insurance or liability waiver coverage is not required as a condition for entering into the rental-purchase agreement.

''(2) AFFIRMATIVE WRITTEN REQUEST AFTER COST DISCLOSURE.—A merchant may provide insurance or liability waiver coverage, directly or indirectly, in connection with a rental-purchase transaction only if—

''(A) the merchant clearly and conspicuously discloses to the consumer the cost of each component of such coverage before the consummation of the rental-purchase agreement; and

''(B) the consumer signs an affirmative written request for such coverage after receiving the disclosures required under subparagraph paragraph (A) of this paragraph and paragraph (1).

''(d) ACCURACY OF DISCLOSURE.—

''(1) IN GENERAL.—The disclosures required to be made under subsection (a) shall be accurate as of the date the disclosures are made, based on the information available to the merchant.

''(2) INFORMATION SUBSEQUENTLY RENDERED INACCURATE.—If information required to be disclosed under subsection (a) is subsequently rendered inaccurate as a result of any agreement between the merchant and the consumer subsequent to the delivery of the required disclosures, the resulting inaccuracy shall not constitute a violation of this title.

**''SEC. 1005. OTHER AGREEMENT PROVISIONS.**

''(a) IN GENERAL.—Each rental-purchase agreement shall—

''(1) provide a statement specifying whether the merchant or the consumer is responsible for loss, theft, damage, or destruction of the property;

''(2) provide a statement specifying whether the merchant or the consumer is responsible for maintaining or servicing the property, together with a brief description of the responsibility;

''(3) provide that the consumer may terminate the agreement without paying any charges not previously due under the agreement by voluntarily surrendering or returning the property that is the subject of the agreement upon expiration of any rental period;

''(4) contain a provision for reinstatement of the agreement, which at a minimum—

''(A) permits a consumer who fails to make a timely rental payment to reinstate the agreement, without losing any rights or options which exist under the agreement, by the payment of all past due rental payments and any other charges then due under the agreement and a payment for the next rental period within 7 business days after failing to make a timely rental payment if the consumer pays monthly, or within 3 business days after failing to make a timely rental payment if the consumer pays more frequently than monthly;

''(B) if the consumer returns or voluntarily surrenders the property covered by the agreement, other than through judicial process, during the applicable reinstatement period set forth in subparagraph (A), permits the consumer to reinstate the agreement during a period of at least 60 days after the date of the return or surrender of the property by the payment of all amounts previously due under the agreement, any applicable fees, and a payment for the next rental period;

''(C) if the consumer has paid 50 percent or more of the total cost necessary to acquire ownership and returns or voluntarily surrenders the property, other than through judicial process, during the applicable reinstatement period set forth in subparagraph (A), permits the consumer to reinstate the agreement during a period of at least 120 days after the date of the return of the property by the payment of all amounts previously due under the agreement, any applicable fees, and a payment for the next rental period; and

''(D) permits the consumer, upon reinstatement of the agreement to receive the same property, if available, that was the subject of the rental-purchase agreement, or if the same property is not available, a substitute item of comparable quality and condition may be provided to the consumer; except that, the Board may, by regulation or order, exempt any independent small business (as defined by the Board by regulation) from the requirement of providing the same or comparable product during the extended reinstatement period provided in subparagraph (C), if the Board determines, taking into account such standards as the Board determines to be appropriate, that the reinstatement right provided in such subparagraph would provide excessive hardship for such independent small business.

''(5) provide a statement specifying the terms under which the consumer shall acquire ownership of the property that is the subject of the rental-purchase agreement either by payment of the total cost to acquire ownership, as provided in section 1006, or by exercise of any early purchase option provided in the rental-purchase agreement;

''(6) provide a statement disclosing that if any part of a manufacturer's express warranty covers the property at the time the consumer acquires ownership of the property, the warranty will be transferred to the consumer if allowed by the terms of the warranty; and

''(7) provide, to the extent applicable, a description of any grace period for making any periodic payment, the amount of any security deposit, if any, to be paid by the consumer upon initiation of the rental-purchase agreement, and the terms for refund of such security deposit to the consumer upon return, surrender or purchase of the property.

''(b) REPOSSESSION DURING REINSTATEMENT PERIOD.—Subsection (a)(4) shall not be construed so as to prevent a merchant from attempting to repossess property during the reinstatement period pursuant to subsection (a)(4)(A), but such a repossession does not affect the consumer's right to reinstate.

**''SEC. 1006. RIGHT TO ACQUIRE OWNERSHIP.**

''(a) IN GENERAL.—The consumer shall acquire ownership of the property that is the subject of the rental-purchase agreement, and the rental-purchase agreement shall terminate, upon compliance by the consumer with the requirements of subsection (b) or any early payment option provided in the rental purchase agreement, and upon payment of any past due payments and fees, as permitted in regulation by the Board.

''(b) PAYMENT OF TOTAL COST.—The consumer shall acquire ownership of the rental property upon payment of the total cost of the rental-purchase agreement, as such term is defined in section 1001(17), and as disclosed to the consumer in the rental-purchase agreement pursuant to section 1004(a).

''(c) ADDITIONAL FEES PROHIBITED.—A merchant shall not require the consumer to pay, as

*a condition for acquiring ownership of the property that is the subject of the rental-purchase agreement, any fee or charge in addition to, or in excess of, the regular periodic payments required by subsection (b), or any early purchase option amount provided in the rental-purchase agreement, as applicable. A requirement that the consumer pay an unpaid late charge or other fee or charge which the merchant has previously billed to the consumer shall not constitute an additional fee or charge for purposes of this subsection.*

*''(d) TRANSFER OF OWNERSHIP RIGHTS.—Upon payment by the consumer of all payments necessary to acquire ownership under subsection (b) or any early purchase option amount provided in the rental-purchase agreement, as appropriate, the merchant shall—*

*''(1) deliver, or mail to the consumer's last known address, such documents or other instruments, which the Board has determined by regulation, are necessary to acknowledge full ownership by the consumer of the property acquired pursuant to the rental-purchase agreement; and*

*''(2) transfer to the consumer the unexpired portion of any warranties provided by the manufacturer, distributor, or seller of the property, which shall apply as if the consumer were the original purchaser of the property, except where such transfer is prohibited by the terms of the warranty.*

***''SEC. 1007. PROHIBITED PROVISIONS.***

*''A rental-purchase agreement may not contain—*

*''(1) a confession of judgment;*

*''(2) a negotiable instrument;*

*''(3) a security interest or any other claim of a property interest in any goods, except those goods the use of which is provided by the merchant pursuant to the agreement;*

*''(4) a wage assignment;*

*''(5) a provision requiring the waiver of any legal claim or remedy created by this title or other provision of Federal or State law;*

*''(6) a provision requiring the consumer, in the event the property subject to the rental-purchase agreement is lost, stolen, damaged, or destroyed, to pay an amount in excess of the least of—*

*''(A) the fair market value of the property, as determined by the Board in regulation;*

*''(B) any early purchase option amount provided in the rental-purchase agreement; or*

*''(C) the actual cost of repair, as appropriate;*

*''(7) a provision authorizing the merchant, or a person acting on behalf of the merchant, to enter the consumer's dwelling or other premises without obtaining the consumer's consent or to commit any breach of the peace in connection with the repossession of the rental property or the collection of any obligation or alleged obligation of the consumer arising out of the rental-purchase agreement;*

*''(8) a provision requiring the purchase of insurance or liability damage waiver to cover the property that is the subject of the rental-purchase agreement, except as permitted by the Board in regulation;*

*''(9) a provision requiring the consumer to pay more than 1 late fee or charge for an unpaid or delinquent periodic payment, regardless of the period in which the payment remains unpaid or delinquent, or to pay a late fee or charge for any periodic payment because a previously assessed late fee has not been paid in full.*

***''SEC. 1008. STATEMENT OF ACCOUNTS.***

*''Upon request of a consumer, a merchant shall provide a statement of the consumer's account. If a consumer requests a statement for an individual account more than 4 times in any 12-month period, the merchant may charge a reasonable fee for the additional statements.*

***''SEC. 1009. RENEGOTIATIONS AND EXTENSIONS.***

*''(a) RENEGOTIATIONS.—A renegotiation occurs when a rental-purchase agreement is satisfied and replaced by a new agreement undertaken by the same consumer. A renegotiation requires new disclosures, except as provided in subsection (c).*

*''(b) EXTENSIONS.—An extension is an agreement by the consumer and the merchant, to continue an existing rental-purchase agreement beyond the original end of the payment schedule, but does not include a continuation that is the result of a renegotiation.*

*''(c) EXCEPTIONS.—New disclosures are not required for the following, even if they meet the definition of a renegotiation or an extension:*

*''(1) A reduction in payments.*

*''(2) A deferment of 1 or more payments.*

*''(3) The extension of a rental-purchase agreement.*

*''(4) The substitution of property with property that has a substantially equivalent or greater economic value provided the rental-purchase cost does not increase.*

*''(5) The deletion of property in a multiple-item agreement.*

*''(6) A change in rental period provided the rental-purchase cost does not increase.*

*''(7) An agreement resulting from a court proceeding.*

*''(8) Any other event described in regulations prescribed by the Board.*

***''SEC. 1010. POINT-OF-RENTAL DISCLOSURES.***

*''(a) IN GENERAL.—For any item of property or set of items displayed or offered for rental-purchase, the merchant shall display on or next to the item or set of items a card, tag, or label that clearly and conspicuously discloses the following:*

*''(1) A brief description of the property.*

*''(2) Whether the property is new or used.*

*''(3) The cash price of the property.*

*''(4) The amount of each rental payment.*

*''(5) The total number of rental payments necessary to acquire ownership of the property.*

*''(6) The rental-purchase cost.*

*''(b) FORM OF DISCLOSURE.—*

*''(1) IN GENERAL.—A merchant may make the disclosure required by subsection (a) in the form of a list or catalog which is readily available to the consumer at the point of rental if the merchandise is not displayed in the merchant's showroom or if displaying a card, tag, or label would be impractical due to the size of the merchandise.*

*''(2) CLEARLY AND CONSPICUOUSLY.—As used in this section, the term 'clearly and conspicuously' means that information required to be disclosed to the consumer shall appear in a type size, prominence, and location as to be noticeable, readable, and comprehensible to an ordinary consumer.*

***''SEC. 1011. RENTAL-PURCHASE ADVERTISING.***

*''(a) IN GENERAL.—If an advertisement for a rental-purchase transaction refers to or states the amount of any payment for any specific item or set of items, the merchant making the advertisement shall also clearly and conspicuously state in the advertisement the following for the item, or set of items, advertised:*

*''(1) The transaction advertised is a rental-purchase agreement.*

*''(2) The amount, timing, and total number of rental payments necessary to acquire ownership under the rental-purchase agreement.*

*''(3) The amount of the rental-purchase cost.*

*''(4) To acquire ownership of the property the consumer must pay the rental-purchase cost plus applicable taxes.*

*''(5) Whether the stated payment amount and advertised rental-purchase cost is for new or used property.*

*''(b) PROHIBITION.—An advertisement for a rental-purchase agreement shall not state or imply that a specific item, or set of items, is available at specific amounts or terms unless the merchant usually and customarily offers, or will offer, the item or set of items at the stated amounts or terms.*

*''(c) CLEARLY AND CONSPICUOUSLY.—*

*''(1) IN GENERAL.—For purposes of this section, the term 'clearly and conspicuously' means that required disclosures shall be presented in a type, size, shade, contrast, prominence, location, and manner, as applicable to different mediums for advertising, so as to be readily noticeable and comprehensible to the ordinary consumer.*

*''(2) REGULATORY GUIDANCE.—The Board shall prescribe regulations on principles and factors to meet the clear and conspicuous standard as appropriate to print, video, audio, and computerized advertising, reflecting the principles and factors typically applied in each medium by the Federal Trade Commission.*

*''(3) LIMITATION.—Nothing contrary to, inconsistent with, or in mitigation of, the required disclosures shall be used in any advertisement in any medium, and no audio, video, or print technique shall be used that is likely to obscure or detract significantly from the communication of the disclosures.*

***''SEC. 1012. CIVIL LIABILITY.***

*''(a) IN GENERAL.—Except as otherwise provided in section 1013, any merchant who fails to comply with any requirement of this title with respect to any consumer is liable to such consumer as provided for leases in section 130. For purposes of this section, the term 'creditor' as used in section 130 shall include a 'merchant', as defined in section 1001.*

*''(b) JURISDICTION OF COURTS; LIMITATION ON ACTIONS.—*

*''(1) IN GENERAL.—Notwithstanding section 130(e), any action under this section may be brought in any United States district court, or in any other court of competent jurisdiction, before the end of the 1-year period beginning on the date the last payment was made by the consumer under the rental-purchase agreement.*

*''(2) RECOUPMENT OR SET-OFF.—This subsection shall not bar a consumer from asserting a violation of this title in an action to collect an obligation arising from a rental-purchase agreement, which was brought after the end of the 1-year period described in paragraph (1) as a matter of defense by recoupment or set-off in such action, except as otherwise provided by State law.*

***''SEC. 1013. ADDITIONAL GROUNDS FOR CIVIL LIABILITY.***

*''(a) INDIVIDUAL CASES WITH ACTUAL DAMAGES.—Any merchant who fails to comply with any requirements imposed under section 1010 or 1011 with respect to any consumer who suffers actual damage from the violation shall be liable to such consumer as provided in section 130.*

*''(b) PATTERN OR PRACTICE OF VIOLATIONS.—If a merchant engages in a pattern or practice of violating any requirement imposed under section 1010 or 1011, the Federal Trade Commission or an appropriate State attorney general, in accordance with section 1016, may initiate an action to enforce sanctions against the merchant, including—*

*''(1) an order to cease and desist from such practices; and*

*''(2) a civil money penalty of such amount as the court may impose, based on such factors as the court may determine to be appropriate.*

***''SEC. 1014. LIABILITY OF ASSIGNEES.***

*''(a) ASSIGNEES INCLUDED.—For purposes of section 1013, and this section, the term 'merchant' includes an assignee of a merchant.*

*''(b) LIABILITIES OF ASSIGNEES.—*

*''(1) APPARENT VIOLATION.—An action under section 1012 or 1013 for a violation of this title may be brought against an assignee only if the violation is apparent on the face of the rental-purchase agreement to which it relates.*

*''(2) APPARENT VIOLATION DEFINED.—For purposes of this subsection, a violation that is apparent on the face of a rental-purchase agreement* ***[****includes****] includes, but is not limited to,*** *a disclosure that can be determined to be incomplete or inaccurate from the face of the agreement.*

*''(3) INVOLUNTARY ASSIGNMENT.—An assignee has no liability in a case in which the assignment is involuntary.*

''(4) RULE OF CONSTRUCTION.—No provision of this section shall be construed as limiting or altering the liability under section 1012 or 1013 of a merchant assigning a rental-purchase agreement.

''(b) PROOF OF DISCLOSURE.—In an action by or against an assignee, the consumer's written acknowledgment of receipt of a disclosure, made as part of the rental-purchase agreement, shall be conclusive proof that the disclosure was made, if the assignee had no knowledge that the disclosure had not been made when the assignee acquired the rental-purchase agreement to which it relates.

**''SEC. 1015. REGULATIONS.**

''(a) IN GENERAL.—The Board shall prescribe regulations as necessary to carry out the purposes of this title, to prevent its circumvention, and to facilitate compliance with its requirements.

''(b) MODEL DISCLOSURE FORMS.—The Board may publish model disclosure forms and clauses for common rental-purchase agreements to facilitate compliance with the disclosure requirements of this title and to aid the consumer in understanding the transaction by utilizing readily understandable language to simplify the technical nature of the disclosures. In devising such forms, the Board shall consider the use by merchants of data processing or similar automated equipment. Nothing in this title may be construed to require a merchant to use any such model form or clause prescribed by the Board under this section. A merchant shall be deemed to be in compliance with the requirement to provide disclosure under section 1003(a) if the merchant—

''(1) uses any appropriate model form or clause as published by the Board; or

''(2) uses any such model form or clause and changes it by—

''(A) deleting any information which is not required by this title; or

''(B) rearranging the format, if in making such deletion or rearranging the format, the merchant does not affect the substance, clarity, or meaningful sequence of the disclosure.

''(c) EFFECTIVE DATE OF REGULATIONS.—Any regulation prescribed by the Board, or any amendment or interpretation thereof, shall not be effective before the October 1 that follows the date of publication of the regulation in final form by at least 6 months. The Board may at its discretion lengthen that period of time to permit merchants to adjust to accommodate new requirements. The Board may also shorten that period of time, notwithstanding the first sentence, if it makes a specific finding that such action is necessary to comply with the findings of a court or to prevent unfair or deceptive practices. In any case, merchants may comply with any newly prescribed disclosure requirement prior to its effective date.

**''SEC. 1016. ENFORCEMENT.**

''(a) FEDERAL ENFORCEMENT.—Compliance with the requirements imposed under this title shall be enforced under the Federal Trade Commission Act (15 U.S.C. 41 et seq.), and a violation of any requirements imposed under this title shall be deemed a violation of a requirement imposed under that Act. All of the functions and powers of the Federal Trade Commission under the Federal Trade Commission Act are available to the Commission to enforce compliance by any person with the requirements of this title, irrespective of whether that person is engaged in commerce or meets any other jurisdictional test in the Federal Trade Commission Act.

''(b) STATE ENFORCEMENT.—

''(1) IN GENERAL.—An action to enforce the requirements imposed by this title may also be brought by the appropriate State attorney general in any appropriate United States district court, or any other court of competent jurisdiction.

''(2) PRIOR WRITTEN NOTICE.—

''(A) IN GENERAL.—The State attorney general shall provide prior written notice of any such civil action to the Federal Trade Commission and shall provide the Commission with a copy of the complaint.

''(B) EMERGENCY ACTION.—If prior notice is not feasible, the State attorney general shall provide notice to the Commission immediately upon instituting the action.

''(3) FTC INTERVENTION.—The Commission may—

''(A) intervene in the action;

''(B) upon intervening—

''(i) remove the action to the appropriate United States district court, if it was not originally brought there; and

''(ii) be heard on all matters arising in the action; and

''(C) file a petition for appeal.

**''SEC. 1017. CRIMINAL LIABILITY FOR WILLFUL AND KNOWING VIOLATION.**

''Whoever willfully and knowingly gives false or inaccurate information or fails to provide information which he is required to disclose under the provisions of this title or any regulation issued thereunder shall be subject to the penalty provisions as provided in section 112.

**''SEC. 1018. RELATION TO OTHER LAWS.**

''(a) RELATION TO STATE LAW.—

''(1) NO EFFECT ON CONSISTENT STATE LAWS.—Except as otherwise provided in subsection (b), this title does not annul, alter, or affect in any manner the meaning, scope or applicability of the laws of any State relating to rental-purchase agreements, except to the extent those laws are inconsistent with any provision of this title, and then only to the extent of the inconsistency.

''(2) DETERMINATION OF INCONSISTENCY.—Upon its own motion or upon the request of an interested party, which is submitted in accordance with procedures prescribed in regulations of the Board, the Board shall determine whether any such inconsistency exists. If the Board determines that a term or provision of a State law is inconsistent, merchants located in that State need not follow such term or provision and shall incur no liability under the law of that State for failure to follow such term or provision, notwithstanding that such determination is subsequently amended, rescinded, or determined by judicial or other authority to be invalid for any reason.

''(3) GREATER PROTECTION UNDER STATE LAW.—Except as provided in subsection (b), for purposes of this section, a term or provision of a State law is not inconsistent with the provisions of this title if the term or provision affords greater protection and benefit to the consumer than the protection and benefit provided under this title as determined by the Board, on its own motion or upon the petition of any interested party.

''(b) STATE LAWS RELATING TO CHARACTERIZATION OF TRANSACTION.—Notwithstanding the provisions of subsection (a), this title shall supersede any State law to the extent that such law—

''(1) regulates a rental-purchase agreement as a security interest, credit sale, retail installment sale, conditional sale or any other form of consumer credit, or that imputes to a rental-purchase agreement the creation of a debt or extension of credit, or

''(2) requires the disclosure of a percentage rate calculation, including a time-price differential, an annual percentage rate, or an effective annual percentage rate.

''(c) RELATION TO FEDERAL TRADE COMMISSION ACT.—No provision of this title shall be construed as limiting, superseding, or otherwise affecting the applicability of the Federal Trade Commission Act to any merchant or rental-purchase transaction.

**''SEC. 1019. EFFECT ON GOVERNMENT AGENCIES.**

''No civil liability or criminal penalty under this title may be imposed on the United States or any of its departments or agencies, any State or political subdivision, or any agency of a State or political subdivision.

**''SEC. 1020. COMPLIANCE DATE.**

''Compliance with this title shall not be required until 6 months after the date of the enactment of the Consumer Rental Purchase Agreement Act. In any case, merchants may comply with this title at any time after such date of enactment.''.

The CHAIRMAN pro tempore. No amendment to the committee amendment in the nature of a substitute is in order except those printed in House Report 107–661. Each amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered as read, and shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

It is now in order to consider amendment No. 1 printed in House Report 107–661.

AMENDMENT NO. 1 OFFERED BY MR. LA FALCE

Mr. LAFALCE. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. LAFALCE:

Page 5, strike line 5 and all that follows through line 8, and insert the following new paragraph:

''(4) CASH PRICE.—

''(A) IN GENERAL.—The term 'cash price' means the price at which a merchant, in the ordinary course of business, would offer to sell for cash the property that is the subject of the rental-purchase agreement, as determined by the Board pursuant to this paragraph.

''(B) DETERMINATION OF CASH PRICE.—The Board shall determine in regulation the formula or criteria for calculating the cash price of a product that is the subject of the rental-purchase agreement, which shall approximate the equivalent fair market value of the product if offered under a cash or credit sale, as adjusted to reflect additional charges or services, if any, that the Board determines are appropriate for purposes of rental-purchase transactions.

''(C) MINIMUM CASH PRICE.—Notwithstanding subparagraph (B), the cash price determined by the Board pursuant to subparagraph (B) shall not be less than an amount equal to twice the documented actual acquisition cost of the property to the merchant, which shall include the cost of shipment, refurbishing or other charges, as determined by the Board; except that, a merchant shall not be not precluded from selling a product for cash for an amount that is less than the cash price determined under this paragraph.

''(D) ADJUSTMENT FOR USED PROPERTY.—The cash price of used or previously rented property that is the subject of the rental-purchase agreement shall be determined by adjustment of the cash price determined under this paragraph according to such formula or criteria as the Board shall prescribe by regulation.

''(E) PERIODIC ADJUSTMENT REQUIRED.—The Board shall, by regulation, periodically review and revise, as necessary, the formula or criteria for determining cash price under this paragraph in response to changes in merchant costs, market conditions, or other factors determined by the Board.

Page 17, beginning on line 4, strike ''either by payment of the total cost'' and all that follows through line 7, and insert ''in accordance with section 1006;''

Page 18, beginning on line 8, strike '' or any early payment option provided in the rental purchase agreement,''.

Page 18, strike line 12 and all that follows through line 17 and insert the following new subsection:

''(b) TRANSFER OF OWNERSHIP.—

''(1) SCHEDULED PAYMENTS.—The consumer shall acquire ownership of the rental property upon payment of periodic payments totaling more than an amount, 50 percent of which equals the cash price of the rental property.

''(2) EARLY PAYMENT OPTION.—The consumer shall acquire ownership of the rental property, at any time after the initial payment, upon payment by the consumer of an amount equal to the amount by which the cash price of the leased property exceeds 50 percent of all previous payments under the rental-purchase agreement.

Page 18, beginning on line 23, strike '', or any early purchase option amount provided in the rental-purchase agreement, as applicable''.

Page 19, line 4, strike ''RIGHTS'' and insert ''DOCUMENTS''.

Page 19, beginning on line 6, strike '' or any early purchase option amount provided in the rental-purchase agreement, as appropriate''.

The CHAIRMAN pro tempore. Pursuant to House Resolution 528, the gentleman from New York (Mr. LAFALCE) and a Member opposed each shall control 10 minutes.

The Chair recognizes the gentleman from New York (Mr. LAFALCE).

Mr. LAFALCE. Mr. Chairman, I yield myself such time as I may consume.

(Mr. LAFALCE asked and was given permission to revise and extend his remarks.)

□ 1330

Mr. LAFALCE. Mr. Chairman, before I get to the specifics of the amendment before us, let me just make a couple of points.

Some individuals have said there is no Federal protection; therefore, we need something to protect consumers. Let me underscore again the fact that every single consumer organization that I am aware of opposes this bill, and they are very pro-consumer. These organizations such as Consumers Union, the Consumers Federation of America, et cetera, they are pretty pro-consumer and they are adamantly opposed to this bill. So when individuals come to the floor and say that this is a consumer bill, there is a disconnect. And I ask people to draw their own conclusions as to what the cause of the disconnect is.

Secondly, some individuals keep getting up here and saying there is no preemption whatsoever; the States can do anything they want to. Again, I ask them to go to page 32 of the bill and 33, lines 20 through 7 on page 33 where it specifically says that notwithstanding the provisions of the rest of the bill, this title shall supersede any State law that does the following, and then it ticks it off including the disclosure of a percentage rate calculation, including a time-price differential, an annual percentage rate, an effective annual percentage rate, that, if a State law calls for it, eliminates a State law. If a State wants to pass legislation, it is precluded.

Do not come to this floor with a straight face and say that the States can do anything they want when this language is in here. If you come to the floor, read this language.

Unfortunately, the Committee on Rules is not offering us the opportunity to correct those deficiencies with an appropriate amendment. That means whatever happens with respect to the amendment the bill is still going to be defective.

They have permitted me to deal with one issue and that is the issue of cash price. And this is a rather large issue. It is going to be a controversial one, I understand that. But such a significant percentage of consumers who rent do wind up owning, that we have to ask what is the price of their ownership, and are they aware of it, and should we permit the rental industry to charge such an enormous price to the consumers, most of whom are the poorest in our society?

First of all, let us ask, well, what does it usually cost to own something? There have been a few studies. First of all, let me quote to you from a document put out by the U.S. PIRG, the Public Interest Research Group. They did a study, the average outright cash price for a 19-inch color TV at a department store would be $217; at a rent-to-own, $415. The average cost to rent to own a 19-inch color TV, that is outright; but the average cost at the department store $217. At the rent-to-own, $746. That is the total average cost, $746 as opposed to $217 at a department store. And I could go on and on and on.

More recently, a study was done by a professor at the Rochester Institute of Technology, Professor Robert Manning. He wrote the book ''Credit Card Nation.'' He has a chapter in that book dealing with the rent-to-own industry. He says that the total Circuit City credit cost for a 19-inch Magnavox television was $231, whereas, the total cost under the rental purchase contract was $779. Unbelievable.

For a $190 Fisher 4-head VCR, the total retail credit cost at Circuit City would be $236.22 versus a total cost of $935.33 at Rent-a-Center.

This is unconscionable. Almost everybody who winds up owning property, and that is a significant number, and the gentleman himself has used figures of around 70 or 80 percent, I am not sure exactly what the accurate percentage is but it is significant, are winding up paying three, four, five times the cost of what it would be someplace else. I think we need to deal with that.

At present there are at least 12 States that currently impose some form of restriction on the cost consumers must pay to acquire ownership of rent-to-own merchandise. Over half these State impose limits on total rental costs and fees, while others provide an early purchase option that permits consumers who have access to cash to reduce the overall cost of the transaction.

But by far the simplest approach I have found for limiting total ownership cost under rent-to-own arrangements is that included in New York State law as well as in the rent-to-own statutes of Ohio and Nebraska. Under this approach, a consumer is assured of acquiring ownership of the rental property whenever their total rental payments reach an amount that is equal to two times or twice the stated cash price of the property. Now, this can be accomplished by making all scheduled payments or by a lump sum early-purchase option payment. This approach helps to limit the costs consumers must pay to own a product while also assuring a reasonable return for the merchants of roughly twice the retail cost.

Now, unfortunately, even this approach has run into problems in my own State of New York as rent-to-own merchants have sought to inflate the cash price of products in order to increase the total purchase price. So a product might be $200 at a department store, they call the cash price $400; and, therefore, they are able to charge $800 rather than the $200. So despite the intent of the law to have the cash price reflect local retail prices, rent-to-own merchants have often set the cash price at a much higher level than they would charge consumers to purchase the product outright.

Inflating the cash prices serves two purposes for rent-to-own merchants. It inflates the total cost consumers will ultimately pay to acquire ownership of the rental property, and it discourages consumers from making outright purchases of merchandise and encourages longer term, more costly rentals.

My amendment would make the ownership cost limitation in New York and Ohio State law presently the minimum standard of protection in the bill. Consumers who have made rental payments equal to twice the cash price of the rental property would be entitled to full ownership of the property. But in order to make this work as a national standard, the amendment would also direct the Federal Reserve Board, who would be responsible for the totality of this legislation, to issue regulations providing detailed criteria or a formula calculating the cash price for rental property together with additional criteria for adjusting the cash price for previously used property.

The Federal Reserve Board has acted in other circumstances to promulgate regulations dealing with truth and lending, et cetera, so I think they certainly would be able to do this.

Now, let me first say that with respect to preemption, this bill would not preempt the State laws dealing with cash price. I will get that out front.

Nor would it preclude the States on their own from adopting some cash price restrictions in the future.

The difficulty is there is no good cash price law right now because of the ability of the rent-to-own industry to determine what cash price is and the trend is going in the other direction. If we are going to pass Federal legislation, we ought to get it right. We ought to protect the consumer. And it seems to me that the only bargaining power we are going to have is now. Once you pass any Federal legislation, I think it will be impossible as a political matter to strengthen it. There will be so much opposition. And so, if we are going to protect the consumer, we cannot do it later. It has got to be done as a condition of the passage of this particular bill. Otherwise, in my judgment, politically you will forfeit the opportunity to get it right in the future. And that is why this amendment, if we are going to go forward, ought to be included in the bill.

In its original form, H.R. 1701 provided no substantive equity or ownership protections for consumers. It provided no legal assurance that upon making all required rental payments a consumer will actually acquire ownership of the rented property. It offered no assurance that the consumer will not have to pay additional fees or meet additional conditions to acquire ownership. And it provided no assurance that, even after making all payments, the consumer will be given the appropriate documentation of ownership and any applicable warranties for the property.

Fortunately, I was able to offer several amendments that corrected these problems with the bill. However, equally serious problems were not resolved in fact that the bill does nothing to limit the outrageous costs that many consumers must pay over time to acquire ownership of merchandise under rent-to-own arrangements.

These cost can be substantial, and are often obscured from consumers by promotions that highlight only the low, and seemingly affordable weekly rental rate, while hiding total cost figures in confusing small print.

At least twelve states currently impose some form of restriction on the cost consumers must pay to acquire ownership of rent-to-own merchandise. Over half these states impose limits on total rental costs and fees, while others provide an early purchase option that permits consumers who have access to cash to reduce the overall cost of the transaction.

By far the simplest approach I have found for limiting total ownership costs under rent-to-own arrangements is that included in New York State law, as well as in the rent-to-own statutes of Ohio and Nebraska. Under this approach, a consumer is assured of acquiring ownership of the rental property whenever their total rental payments reach an amount that is equal to two times, or twice, the stated cash price of the property.

This can be accomplished by making all scheduled payments or by a lump sum early purchase option payment. This approach helps to limit the costs consumers must pay to own a product, while also assuring a reasonable return for the merchant of roughly twice the retail cost.

Unfortunately, this approach has run into problems in New York as rent-to-own merchants have sought to inflate the cash price of products in order to increase the total purchase price. Despite the intent of the law to have the cash price reflect local retail prices, rent-to-own merchants often set the cash price at a much higher level that they would charge consumers to purchase the product outright.

Inflating the cash prices serves two purposes for rent-to-own merchants—it inflates the total cost consumers will ultimately pay to acquire ownership of the rented property, and it discourages consumers from making outright purchases of merchandise and encourages, longer term, more costly, rentals.

My amendment would make the ownership cost limitation in New York and Ohio State law the minimum standard of protection in the bill. Consumers who have made rental payments equal to twice the cash price of the rental property would be entitled to full ownership of the property.

To make this work as a national standard, the amendment also directs the Federal Reserve Board to issue regulations providing detailed criteria or a formula calculating the cash price for rental property, together with additional criteria for adjusting the cash price for previously used property. The Board would, in effect, provide a basis for determining cash price for rental-purchase transactions in much the same way it established a framework for determining annual percentage rates (APR) calculations for credit transactions thirty years ago.

Under the amendment, the calculation provided by the Board would assure a cash price at least to two times the merchant's acquisition cost, plus any supplemental costs the Board considers appropriate. The cash price would be set more uniformly at or near comparable retail prices for consumers in all parts of the country. And it would assure a total return for the merchants at somewhere near four times acquisition costs—a rate of return that most retail merchants would envy.

I would emphasize again that this is only the minimum standard for protecting consumers from excessive ownership costs. All states would continue to have the option of providing additional costs protections for consumers within their state.

We've made considerable progress in the bill in a pro-consumer direction. My amendment takes it a step further by assuring that the total cost of acquiring ownership of rent-to-own merchandise is reasonable for both the consumer and the merchant.

My amendment is entirely consistent with what proponents describe as the purpose of the bill. It takes the best approach currently in State law, sets it as the minimum federal protection, and continues to permit states to add whatever additional protections they consider necessary to adequately protect consumers.

I think this is a reasonable and balanced approach and I would urge its adoption.

Mr. Chairman, I reserve the balance of my time.

Mr. BACHUS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment, and I think the gentleman from New York (Mr. LAFALCE) was accurate in basically much of what he said, and what he said was, I believe that we ought to have a price control; we ought to have price restriction. And 12 States do have that in their State legislation. And after we pass this legislation today, if the State chooses to pass it, those price restrictions will still be in place. There is no preemption.

As I have said repeatedly on the floor of this House in this debate here today, the only thing, the only thing that is preempted is the decision by four judges in four States, three or four States, there is a question in one of the States, whether to call this credit sales. And we have come down on the side of what the great body of evidence, all the State legislatures who have considered this as for tax treatment, IRS, how they have treated it, as a lease. And as I said, we have to make that decision if we are to have Federal regulation. We have done that.

And in those four States, there are three States, they are absolutely right, if this is an important protection for consumers in this State then that is taken away. However, I will tell you that in Wisconsin because of legislation, all the rent-to-own stores are closing or have closed so they are not giving anybody in Wisconsin that approach, did not give them any choice. It basically drove the industry out.

I applaud the gentlewoman from California (Ms. WATERS) for her honesty. She has said, I do not like this industry. I do not want them in business. And she has been upfront about that. As far as the consumer groups that we keep hearing about, when this legislation was introduced, they came to the Hill en mass and they said, We like some of what is in here, but I will tell you what we do not like, we do not like preempting those States with stronger laws and we are not going to support legislation until that is done.

Now, I would not have co-sponsored the bill. I did not introduce the bill. It came to my committee and at that time before 4 or 5 days of hearing, that is what they came to me and said. They said, Absolutely we will not support it unless that is in it. Put that in it and we will talk to you.

We had Members on both sides that did not like the fact that we preempted certain protections in certain States. So we have backed up, and we did not preempt any of those consumer protection laws. They are not preempted.

The attorney general of Alabama in a letter that he wrote me this week said, ''If enacted, the legislation employed would set the floor for consumer protection while leaving intact existing State regulations that offer greater protection to consumers; and going forward under this legislation, any State legislature that chooses to do so can enact additional protection for its citizens that go beyond what is included in H.R. 1701.''

Now, that is absolutely a fact. I do not think there is any argument there. I applaud the gentlewoman from California (Ms. WATERS). I applaud the

other gentlewoman from California in that they have been opposed to this legislation and that they will be opposed to this legislation from now on. They want these stores closed. And there may be other Members of the body that want that.

There may be others that want price restrictions. Twelve States have opted for it. I really do not understand this. I do not understand how 38 States have said we do not want price restrictions. Yet the gentleman from New York (Mr. LAFALCE), who said, We are preempting what four States have done, now gets up with an amendment that changes the law in 38 States. Where is the consistency there?

□ 1345

When this proposal came up we went to the Federal Reserve. The gentleman from New York has said the Federal Reserve will set these cash prices formulas. Can my colleagues imagine when the Federal Reserve heard about an amendment that the Federal Reserve would have to start taking all their time and going around and setting these maximum prices? Do I need to inform this body they are opposed to having to do this? Absolutely they are opposed to it.

As the FTC concluded in its report, and I have it on page 98, we talked about all these exorbitant and excessive profits. The FTC looked at that, page 98, and what they said is they said there are almost no barriers to entering this business. They said a person can get a store front, a delivery truck and an inventory of household merchandise, and they can enter the industry. They said because there are no barriers to entering this industry, if people are making a big profit, somebody else will come in down the street and open up, and they said that excessive profits can be maintained only if there are significant barriers to entering, to collusion, or some type of anticompetitive barrier. There do not appear to be any significant barriers to entry that would prevent new firms from entering the rent-to-own industry. That is what they concluded.

They said no evidence that excessive profits, and they said, therefore, and the issue here was price restrictions, until it is shown that there are some barriers to introduction in this industry or some States erect barriers to people getting into the industry, and I know of none, that price restrictions that are contemplated, they should be explored more fully but they should not be enacted.

Another thing, the consumer groups, and my colleagues know these same consumer groups, it is interesting, if we look back at some of the important legislation that this Congress has passed, legislation including the Consumer Leasing Act, Fair Debt Collection Act, Fair Reporting Act, these consumer groups, it never was good enough for them. They always opposed them. They always wanted a little more. They push for it but they wanted something else and they urge, and they will continue even though we have 46 States, we do nothing about strong protection, we increase protection. We increase protections in all 50 States. As I said, some of the four States that call this a credit sale do not require people to put a price tag on there. We require that.

One of the consumer groups said the terrible abuse, the gentlewoman from California (Ms. WATERS) pointed this out, to her credit, was that these people go in and they do not know what they are paying for this. There are 40 States throughout who do not require any disclosure today at where the item is as to the price they are paying, 40 States, including some that set the price.

This legislation requires point-of-rental disclosures as to price, something that the consumer groups say is badly needed. This legislation does it. They oppose it.

They say they want preemption because 12 States have gone beyond what we establish. They do not want us to interfere with those 12 States. So we did not. They are still opposed to it and they will be opposed to it ad infinitum, and that is okay. That is their right, but the one thing that we do not need in this body is we do not need to misrepresent this thing as a bill that does not increase consumer protection because it absolutely does. In 46 States it absolutely does, and four where they have the credit sales thing, one can argue that that effectively keeps people from going to rent-to-own stores. So in those four States, it might aid the industry, but in the other States it will not because it establishes new requirements, and because I am one of those 46 States I will be on the floor voting for this.

The CHAIRMAN pro tempore (Mr. HEFLEY). All time for debate has expired.

The question is on the amendment offered by the gentleman from New York (Mr. LAFALCE).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. LAFALCE. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from New York (Mr. LAFALCE) will be postponed.

It is now in order to consider Amendment No. 2 printed in House Report 107–661.

AMENDMENT NO. 2 OFFERED BY MS. WATERS

Ms. WATERS. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Ms. WATERS:

Page 19, line 22, strike ''`A rental-purchase agreement'' and insert ''`(a) IN GENERAL.—A rental-purchase agreement''.

Page 21, after line 13, insert the following new subsection:

''(b) CONTINUED APPLICABILITY OF EXISTING LAW.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the risk of any loss, damage, or destruction of the property that is the subject of a rental-purchase agreement shall remain with the merchant throughout the period such agreement is in effect and any rental-purchase agreement, or any waiver or other form of agreement between the merchant and the consumer, that purports to shift the burden of any such risk, and the cost of insuring against any such risk, to the consumer shall be null and void.

''(2) EXCEPTION FOR LOSS, DAMAGE, OR DESTRUCTION FOR WHICH THE CONSUMER IS DIRECTLY RESPONSIBLE.—Paragraph (1) shall not apply with respect to any loss, damage, or destruction that was deliberately caused by the consumer or that occurred due to the negligence of the consumer.

The CHAIRMAN pro tempore. Pursuant to House Resolution 528, the gentlewoman from California (Ms. WATERS) and the gentleman from Alabama (Mr. BACHUS) each will control 10 minutes.

The Chair recognizes the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would first like to start this presentation by thanking the gentleman from Wisconsin (Mr. SENSENBRENNER) who was on the floor today to help oppose this legislation. As my colleagues know, the gentleman from Wisconsin (Mr. SENSENBRENNER) and I do not always get along on all of the issues that come before us, but he is a man of impeccable integrity, and I would like to thank him for taking the floor today in opposition to the legislation that is before us.

Also, before I get into the debate on this amendment, I would like to thank my colleague from Alabama, and while I have been very, very pointed in my discussion about this, I do respect him. I have worked with him on debt relief. I have worked with him, along with many of the church organizations of the world, to do something about debt relief for poor countries. Today, I would ask him to do some domestic debt relief and work with me to make sure that we relieve the poor citizens of this Nation from the awful burden of debt that has been placed on them by these rip-off industries, and certainly the rent-to-own falls within that category.

Let me say this. I had four amendments before the Committee on Rules. I was denied three of them, but as I said earlier, I was thrown a bone and allowed to present this one amendment. As unbelievable as it is, given everything that we have learned about the rent-to-own industry, the preemption, the abusive practices, all of that, let me add one more to the list of unbelievable practices.

Under the common law of bailment, a merchant is responsible for damage to property unless the customer is neglectful or fails to exercise ordinary care. Typically, rental-purchase agreements contractually shift all responsibility for damages to the customer in a

rent-to-own business. The merchant sells a liability damage waiver to the customer which effectively makes customers pay for responsibility that is not theirs. This amendment would ban this shifting of the liability to the consumer and prohibits the charging of a fee for ensuring the customer against loss. There is an exception for loss, damage or destruction that is deliberately caused by the consumer that is a result of consumer negligence.

Imagine this. A person has got this contract with the rent-to-own industry. They need this television or whatever it is, refrigerator, whatever. Not only do they have an arrangement that is not considered a credit sales contract arrangement and so they do not have to disclose anything, they do not have to disclose what the interest is on it, and this industry just can charge whatever they want to charge that person. Then they say to the person, now, they are responsible for this item and we have a little something that is built into this contract that we want the person to pay. We want the person to pay some amount. What amount? Any amount that they decide. In some States the amount that they charge the customer is equal to the amount that they are paying weekly to rent this particular item, but they can do this, and they do not have to disclose it.

It was so bad that in committee, what they decided is, say, well, at least they have to tell the consumer that they are going to charge them this damage waiver liability coverage in the contract. In my home State of California, we forbid this practice altogether. We forbid it altogether. It is wrong that they should shift this liability all to the consumer and the rent-to-own company takes no responsibility, charges whatever it wants, does not have to disclose it, and we just let this practice go on.

So we would try with this amendment to stop the practice altogether. I know that it seems that we cannot say much more about the bad practices. Why would we preempt the States from taking the opportunity to fix what is wrong? We do not need to come over the top with some Federal legislation that would then preempt them from doing it the way they want to do it.

This business about saying that we are helping the States and we are helping the consumer, we are not preempting them, is absolutely misleading the Members of Congress about what this is all about. If we really want to help the States, allow them to present public policy that will work in their States. For those States that do not have it, they will. Give them a chance. Do not preempt them. Do not create this so-called floor that my colleagues are talking about.

I have never seen any one industry with so much that is wrong with it, and I sincerely believe that some of my colleagues who are trying to help the industry may have been duped. They did not know it was this bad. They did not understand that it really was preemption. They did not know about some of these abusive practices. They did not know about this, what do we call it, LDW. They did not know that people were being given contracts where they had to pay for this kind of coverage, and most people, even if we tell them, if they want it, we are going to charge a person whatever amount they decide to charge them as a fee just in case they damage this equipment, they do not know they could say no, even if we put it in the bill. They just assume that if they do not do it they will not be able to get this desperately needed item that they are going after.

This amendment was made by the Committee on Rules. I could come to the floor and take it up. I do not know if my friends on the opposite side of the aisle are going to oppose it or if they are going to support it. It is just one other thing that I would like to point out that is so bad about this industry, as we wrap up today on this floor, all of the problems with rent-to-own.

I hope that they would just show a sign of support for the consumers and say we will give my colleagues this one, but it does not make any difference. It is still a bad bill. It is still a terrible bill with all of the preemption in it, with all of the abusive practices allowed, all of which we have talked about so much today.

Again, I would again thank my colleague on the Committee on the Judiciary, the gentleman from Wisconsin (Mr. SENSENBRENNER), the chair of the Committee on the Judiciary. He would not come to this floor and oppose this legislation unless it was serious. He would not come to this floor and easily embrace those on the opposite side of the aisle that he is oftentimes in disagreement with unless he felt very strongly about it. The gentleman from Wisconsin (Mr. SENSENBRENNER) does not simply oppose his colleagues. He does not do that without giving serious thought to it. When he came here today and said this is a bad bill, something is wrong with this bill, I would hope that the Members on the opposite side of the aisle would respect the chairman of the Committee on the Judiciary who, too, had this bill in the Committee on the Judiciary.

We are talking about two committees here today, the Committee on Financial Services, and it was in the Committee on the Judiciary.

□ 1400

This is not something that he is speculating about from afar. The gentleman from Wisconsin (Mr. SENSENBRENNER) had this in committee and had an opportunity to go through it, understands it very well and is opposed to it because the gentleman sees it for what it is.

Again, I do not want to put my colleagues on the spot, and I have the highest respect for the gentleman from Alabama (Mr. BACHUS). I have worked with the gentleman and I know in many instances he has had to work very hard to do the right thing on some issues. I would simply appeal to the gentleman to do the right thing. I do not care who in the leadership is pushing this bill. I do not care who the industry is friends with, what letters the Congress of the United States got from what sector or section. The fact of the matter is our constituents should be premier. They should be number one. Even if we were going to err, we need to err on the side of the constituents. If Members think for a moment there are bad things in this industry, as the gentleman from Alabama (Mr. BACHUS) has said, and yes, there are some bad things. He agreed to that, but then err on the side of the constituents. My colleague from Alabama said I do not like this business. That is an understatement. I am not here simply because I do not like the business. I am here because I have the power as one Member of Congress to go on the floor of Congress and say what is wrong with them. They are ripping off our constituents. They are charging exorbitant prices. There is no disclosure, and we should not let them do it.

Mr. BACHUS. Mr. Chairman, I yield 6 minutes to the gentlewoman from New York (Mrs. KELLY).

Mrs. KELLY. Mr. Chairman, before I address the Waters amendment, let me say a few things about the LaFalce amendment.

The LaFalce amendment runs counter to our economy and would subvert the free market. The amendment requires rent-to-own merchants all to offer the same cash price for their products, and these prices would be set by the Federal Reserve Board. I have to wonder why we have to impose such a duty on the Federal Reserve Board. The Federal Reserve is tasked with broad mandates to ensure the overall health of the economy through sound monetary policy. The last thing we need is for the Federal Reserve to become an appraiser and set prices for the rent-to-own industry.

Second, the amendment would harm competition in the rent-to-own industry. I do not see anyone advocating that a car lease would have a cash price set by the Federal Reserve. Why? Because we know that a competitive car lease market benefits the consumer. When an industry all has the same base price for a product, that is known as collusion. A merchant not fairly setting a price on their own but being required to set it at their competition's level, that is illegal. When airlines set their ticket prices, it is illegal. When they put such a practice into law on a rent-to-own lease, it is also wrong. I think that my colleagues should join me in support of the free market and oppose the LaFalce amendment.

Mr. Chairman, now let me speak to the Waters amendment, which I also oppose. My colleague from California has here an amendment that would remove the responsibility of a consumer

to care for the merchandise that they received through a rental purchase agreement. The agreement would effectively preempt contract law that is already in place and established in 49 States. In effect the merchant, who is not in possession of the property, would be responsible for the damage to it. This amendment would take away any responsibility for the consumer to care for the product that they are renting. Does anyone know of any agreement in which the holder of a rental piece of property would not be responsible for the damage that they do to it while it is in their possession?

I believe the amendment would effectively kill the industry; and in these slow economic times, I do not think we should be looking to eliminate more jobs. The rental purchase industry is a credible option for many Americans who would not otherwise have the opportunity to obtain the products that they need.

Personally, I learned to play the violin on a rent-to-own violin. It provided an enormous amount of joy in my life because my folks could not afford to buy me a violin when I was in grade school. They did a rent-to-purchase agreement. There are kids all over the Nation who do this.

Our mission in Congress should be to increase opportunities for people, not to limit consumer opportunities. Let me be clear on another point. Because of an amendment from the gentleman from North Carolina (Mr. JONES), the bill allows merchants to include liability damage waivers as part of the rental purchase contracts only after disclosing to the consumer that they need not purchase this coverage in order to enter into the rental purchase agreement itself. The bill is clear that the consumer has been given the choice, and we need to support the choice by voting against the Waters amendment.

Mr. BACHUS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, one thing I would like to point out, I have great respect for the gentleman from Wisconsin (Mr. SENSENBRENNER), who did speak against this legislation. I would point out to the gentlewoman from California (Ms. WATERS) that what the gentleman said was we do not need any Federal legislation regulating this industry. That is not what the gentlewoman from California (Ms. WATERS) has said or what the gentleman from New York said, or what all of these consumer groups have said.

What they have said is we need to regulate this industry. There is certainly not disagreement among the opponents. I think some of the opponents want the present state of affairs where there is absolutely no regulation in a number of States to continue. There are others that want to put this industry out of business, and then there are those of us in the middle who believe this is a legitimate business. We may never go there as customers. There are a lot of stores I do not go in as a customer, but I do not try to close them down because 15 million Americans do go there. There are Members of this body who think if they do that they are crazy and we ought to protect them by stopping them from going in those stores.

I would say to the gentleman from New York (Mr. LAFALCE) that I went in a store in Manhattan a few weeks ago. There were a lot of things in that store I cannot afford. I simply turned around and walked out because the price was not right. There are people that might want to pay that. There were many people paying that much for those items. I could not do it. I made a decision. People are free to come in and leave. People are free to make choices in America.

There does need to be some minimum protection for those customers. Whether this legislation passed or not, people are going to continue to go in rent-to-own stores. They are going to continue to operate in almost all our States. When they do, I think they ought to be protected. And this legislation does not preempt any of the strong consumer protection laws that exist. It preempts none of them except the characterization as a credit sale, and we have been over and over that in those four States. It does that.

Now, let me talk about the amendment for a minute because this amendment is another example of we do not want to preempt, but here is an amendment that we want to use to preempt. It is a preempting agreement. It preempts the law of 49 States.

What the gentlewoman from California (Ms. WATERS) has offered here is an amendment that would overturn the long-established contract law in 49 States and make the law of California the national standard. It would apply the law of California.

Right now in the legislation we have, what she is advocating is the law of California and once this passes, if it passes, will continue to be the law in California. But we will not put that law on the other 49 States because what California does, it says when there is a rent-to-own agreement or a rent-to-purchase agreement, or the consumer leases something, they cannot shift the liability for that property onto the customer except, and there is an exception, and I do not want to misrepresent this, it says if the customer deliberately causes damage to the item or it occurs due to the consumer's negligence, then the merchant can get his money back.

The gentlewoman and I agree on that. If somebody goes out and they rent a TV, they get home and they get mad at their wife and throw the TV at their wife or husband, they have to pay for the television. She and I agree that is the thing to do. But we do not agree if the husband or the wife rents the TV, the wife takes the TV home, the husband picks up the TV and throws it out the window, then I think the merchant ought not have to pay for that. She says no, no. That was not the customer, that was the husband of the customer.

I believe when something is rented and taken home, if the next door neighbor comes in and they destroy it, or the renter's son or daughter destroys it, the renter has it and it is destroyed, I think the renter ought to be responsible for that, and 49 States say they ought to be responsible for that.

I can tell Members, we all respect California and their position on this; but this is something California feels ought to be the law. I can tell Members in Alabama, if I rent something to somebody and their dog chews it up or their wife breaks it or their next door neighbor destroys it, or even somebody comes in and steals it from them, I do not feel like that is the merchant's responsibility. I feel it is the customer's responsibility. I happen to believe that.

The legislatures and the courts of 49 States agree with me. California is different. This legislation says that is right. The law of California stays in place because we do not preempt any of those laws. Now what that does is that means it drives up the cost for everybody in California. If California wants to make that decision, that is fine. I do not agree.

I want to close simply by thanking the gentleman from Ohio (Chairman OXLEY) for his leadership on this bill, again thanking the gentleman from North Carolina (Mr. JONES) for his leadership, and the gentleman from Connecticut (Mr. MALONEY) for what I think is a very important piece of consumer protection. It does not go as far as some have urged, but it does not preempt States that go further. It establishes a floor in those States that have weak or no protection.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. HEFLEY). The question is on the amendment offered by the gentlewoman from California (Ms. WATERS).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Ms. WATERS. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentlewoman from California (Ms. WATERS) will be postponed.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments on which further proceedings were postponed in the following order: amendment No. 1 offered by the gentleman from New York (Mr. LAFALCE), amendment No. 2 offered by the gentlewoman from California (Ms. WATERS).

The Chair will reduce to 5 minutes the time for the second electronic vote.

AMENDMENT NO. 1 OFFERED BY MR. LAFALCE

The CHAIRMAN pro tempore. The pending business is the demand for a

recorded vote on the amendment offered by the gentleman from New York (Mr. LAFALCE) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 184, noes 232, not voting 16, as follows:

[Roll No. 392]

AYES—184

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blumenauer
Bonior
Borski
Boswell
Boucher
Brady (PA)
Brown (OH)
Capps
Capuano
Cardin
Carson (IN)
Carson (OK)
Clay
Clayton
Clement
Clyburn
Condit
Costello
Coyne
Crowley
Cummings
Davis (CA)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank
Frost
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Harman
Hastings (FL)
Hill
Hilliard
Hinchey
Hinojosa
Hoeffel
Holt
Honda
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
LaFalce
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Lynch
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Mollohan
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Phelps
Platts
Pomeroy
Price (NC)
Rahall
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Schiff
Scott
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Tanner
Thompson (MS)
Thurman
Tierney
Turner
Udall (NM)
Velazquez
Visclosky
Waters
Watson (CA)
Watt (NC)
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOES—232

Aderholt
Akin
Armey
Bachus
Baker
Ballenger
Barr
Bartlett
Barton
Bass
Bereuter
Biggert
Bilirakis
Blunt
Boehlert
Boehner
Bonilla
Bono
Boozman
Boyd
Brady (TX)
Brown (SC)
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Castle
Chabot
Chambliss
Coble
Collins
Combest
Cooksey
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis (FL)
Davis, Jo Ann
Davis, Tom
Deal
DeMint
Diaz-Balart
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ferguson
Flake
Fletcher
Foley
Forbes
Fossella
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goss
Graham
Granger
Graves
Green (WI)
Greenwood
Grucci
Gutknecht
Hall (TX)
Hansen
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hulshof
Hunter
Hyde
Isakson
Issa
Istook
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Kanjorski
Keller
Kelly
Kennedy (MN)
Kerns
King (NY)
Kirk
Knollenberg
Kolbe
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (KY)
Lucas (OK)
Maloney (CT)
Manzullo
Matheson
McCrery
McHugh
McInnis
McKeon
Mica
Miller, Dan
Miller, Gary
Miller, Jeff
Moore
Moran (KS)
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Osborne
Ose
Otter
Oxley
Paul
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Reynolds
Riley
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schaffer
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Stenholm
Sullivan
Sununu
Sweeney
Tancredo
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Tiahrt
Tiberi
Toomey
Towns
Udall (CO)
Upton
Vitter
Walden
Walsh
Wamp
Watkins (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOT VOTING—16

Blagojevich
Brown (FL)
Bryant
Conyers
DeLay
Hilleary
Kingston
Miller, George
Mink
Portman
Rangel
Roukema
Rush
Simmons
Stump
Watts (OK)

□ 1438

Ms. GRANGER and Messrs. CALVERT, FRELINGHUYSEN, EHLERS, SMITH of Texas, WELDON of Pennsylvania, SULLIVAN and TERRY changed their vote from ''aye'' to ''no.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. HEFLEY). Pursuant to clause 6 of rule XVIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device will be taken on the second amendment.

AMENDMENT NO. 2 OFFERED BY MS. WATERS

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentlewoman from California (Ms. WATERS) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 157, noes 255, not voting 20, as follows:

[Roll No. 393]

AYES—157

Abercrombie
Ackerman
Allen
Andrews
Baca
Baldacci
Baldwin
Barcia
Barrett
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Bonior
Borski
Boucher
Brady (PA)
Brown (OH)
Capps
Capuano
Carson (IN)
Clay
Clayton
Clyburn
Condit
Coyne
Crowley
Cummings
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank
Gephardt
Gonzalez
Green (TX)
Gutierrez
Hastings (FL)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holt
Honda
Horn
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kirk
Kleczka
Kucinich
LaFalce
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McHugh
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Moore
Moran (VA)
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pomeroy
Price (NC)
Rahall
Reyes
Rivers
Rodriguez
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Schiff
Scott
Serrano
Slaughter
Solis
Spratt
Stark
Strickland
Stupak
Thompson (MS)
Thurman
Tierney
Towns
Udall (CO)
Udall (NM)
Waters
Watson (CA)
Watt (NC)
Waxman
Wexler
Woolsey
Wu
Wynn

NOES—255

Aderholt
Akin
Armey
Bachus
Baird
Baker
Ballenger
Barr
Bartlett
Barton
Bass
Bereuter
Biggert
Bilirakis
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bono
Boozman
Boswell
Boyd
Brady (TX)
Brown (SC)
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Cardin
Carson (OK)
Castle
Chabot
Chambliss
Clement
Coble
Collins

| | | |
|---|---|---|
| Combest | Hunter | Ramstad |
| Costello | Hyde | Regula |
| Cox | Inslee | Rehberg |
| Cramer | Isakson | Reynolds |
| Crane | Issa | Riley |
| Crenshaw | Istook | Roemer |
| Culberson | Jenkins | Rogers (KY) |
| Cunningham | John | Rogers (MI) |
| Davis (CA) | Johnson (CT) | Rohrabacher |
| Davis (FL) | Johnson (IL) | Ros-Lehtinen |
| Davis, Jo Ann | Johnson, Sam | Ross |
| Davis, Tom | Jones (NC) | Royce |
| Deal | Kanjorski | Ryan (WI) |
| DeLay | Kelly | Ryun (KS) |
| DeMint | Kennedy (MN) | Saxton |
| Deutsch | Kerns | Schaffer |
| Diaz-Balart | Kind (WI) | Schrock |
| Dooley | King (NY) | Sensenbrenner |
| Doolittle | Knollenberg | Sessions |
| Dreier | Kolbe | Shadegg |
| Duncan | LaHood | Shaw |
| Dunn | Latham | Shays |
| Ehlers | LaTourette | Sherman |
| Ehrlich | Leach | Sherwood |
| Emerson | Lewis (KY) | Shimkus |
| English | Linder | Shows |
| Everett | Lipinski | Shuster |
| Ferguson | LoBiondo | Simpson |
| Flake | Lucas (KY) | Skeen |
| Fletcher | Lucas (OK) | Skelton |
| Foley | Lynch | Smith (MI) |
| Forbes | Maloney (CT) | Smith (NJ) |
| Fossella | Manzullo | Smith (TX) |
| Frelinghuysen | Matheson | Smith (WA) |
| Frost | McCrery | Snyder |
| Gallegly | McInnis | Souder |
| Ganske | McIntyre | Stearns |
| Gekas | McKeon | Stenholm |
| Gibbons | Mica | Sullivan |
| Gilchrest | Miller, Dan | Sununu |
| Gillmor | Miller, Gary | Sweeney |
| Gilman | Miller, Jeff | Tancredo |
| Goode | Mollohan | Tanner |
| Goodlatte | Moran (KS) | Tauscher |
| Gordon | Morella | Tauzin |
| Goss | Murtha | Taylor (MS) |
| Graham | Myrick | Taylor (NC) |
| Granger | Nethercutt | Terry |
| Graves | Ney | Thomas |
| Green (WI) | Northup | Thompson (CA) |
| Greenwood | Norwood | Thornberry |
| Grucci | Nussle | Thune |
| Gutknecht | Osborne | Tiahrt |
| Hall (TX) | Ose | Tiberi |
| Hansen | Otter | Toomey |
| Harman | Oxley | Upton |
| Hart | Paul | Visclosky |
| Hastings (WA) | Pence | Vitter |
| Hayes | Peterson (MN) | Walden |
| Hayworth | Peterson (PA) | Walsh |
| Hefley | Petri | Wamp |
| Herger | Phelps | Watkins (OK) |
| Hill | Pickering | Weldon (FL) |
| Hobson | Pitts | Weldon (PA) |
| Hoekstra | Platts | Whitfield |
| Holden | Pombo | Wicker |
| Hooley | Portman | Wilson (NM) |
| Hostettler | Pryce (OH) | Wilson (SC) |
| Houghton | Putnam | Wolf |
| Hoyer | Quinn | Young (AK) |
| Hulshof | Radanovich | Young (FL) |

NOT VOTING—20

| | | |
|---|---|---|
| Blagojevich | Keller | Simmons |
| Brown (FL) | Kingston | Stump |
| Bryant | Lewis (CA) | Velazquez |
| Conyers | Miller, George | Watts (OK) |
| Cooksey | Mink | Weiner |
| Cubin | Rangel | Weller |
| Hilleary | Roukema | |

□ 1447

So the amendment was rejected.

The result of the vote was announced as above recorded.

Stated against:

Mr. WELLER. Mr. Chairman, on rollcall No. 393, I was unavoidably detained. Had I been present, I would have voted ''no.''

Mr. MCHUGH. Mr. Chairman, on rollcall No. 393, I inadvertently voted ''aye.'' I would like the RECORD to show that I meant to vote ''no.''

The CHAIRMAN pro tempore (Mr. HEFLEY). There being no further amendment in order, the question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. LAHOOD) having assumed the chair, Mr. HEFLEY, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1701) to amend the Consumer Credit Protection Act to assure meaningful disclosures of the terms of rental-purchase agreements, including disclosures of all costs to consumers under such agreements, to provide certain substantive rights to consumers under such agreements, and for other purposes, pursuant to House Resolution 528, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MS. WATERS

Ms. WATERS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentlewoman opposed to the bill?

Ms. WATERS. Mr. Speaker, yes, I am opposed to the bill in its current form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Ms. WATERS moves that the bill H.R. 1701, the Consumer Rental Purchase Agreement Act, be recommitted to the Committee on Financial Services with instructions that the Committee report the bill forthwith to the House with the following amendment:

Page 32, strike line 17 and insert ''This''.

Page 33, line 13, strike ''Except as provided in subsection (b), for'' and insert ''For''.

Page 33, strike line 21 and all that follows through page 34, line 9 (and redesignate the subsequent subsection accordingly).

Ms. WATERS (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from California?

There was no objection.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from California (Ms. WATERS) is recognized for 5 minutes on her motion to recommit.

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

I suppose most of the Members present here today heard the debate that we have just finished on H.R. 1701. My motion to recommit sends H.R. 1701 back to the Committee on Financial Services with instructions to amend the bill in one key respect: to strike a provision in H.R. 1701 that preempts the States from applying credit or installment sales standards to regulate rent-to-own transactions.

This is the provision that my colleagues heard the gentleman from Wisconsin (Mr. SENSENBRENNER) come to the floor and talk about today. It is because of that provision that the chairman of the Committee on the Judiciary decided to vote against the bill when this bill was marked up in the Committee on the Judiciary. I think that is a very important point.

Mr. Speaker, I suppose most of the Members on the floor heard the debate. We talked about a lot of things that are wrong with the rent-to-own legislation, H.R. 1701. We spoke about preemption, abusive practices, about attempts to force the consumers to accept all of the liability on the contracts. But we talked mostly about preemption.

Proponents of H.R. 1701 say that the bill does not preempt State laws, but they are absolutely wrong. Section 1018 of the bill expressly supersedes State laws that regulate rental purchase agreements as a security interest, credit sale, retail installment sale, conditional sale, or any and all other forms of consumer credit that treats a rental purchase agreement as the creation of a debt or extension of credit. Section 1008 of the bill also expressly supersedes State laws that require the disclosure of percentage rate calculation, including a time-price differential and annual percentage rate, or an effective annual percentage rate. Because of the bill's restrictions, rental-purchase transactions cannot be subjected to the State usury laws and finance charge limits, as well as APR and other disclosures. As a result, the bill preempts the strongest State laws in Wisconsin, Minnesota, New Jersey, and Vermont and prevents other States from adopting similar legislation in the future.

Since 1997, legal actions responding to State consumer law violations have produced legal judgments or settlements against the Nation's largest rent-to-own chain amounting to $16 million in Wisconsin, $60 million in New Jersey, and $30 million in Minnesota. Why should Congress cancel out stronger State laws supported by all of the consumer groups and literally all of the States' attorneys general? Consumers need more, not less, protection from predatory financial practices.

Mr. Speaker, the Members may not be paying attention, but they ought to. They ought to pay attention because we have just been roundly criticized because of what we did not do with major corporations in America. Many people pleaded ignorance that they had supported the efforts of Enron and WorldCom and Quest and all of those other major corporations that have

been found to be gaming the system, corporations that put their pensioners at risk. People who were paying into their 401(k)s thought they had protected their future; but, in fact, they had been supporting their companies while the heads of those corporations, the majors in those corporations were literally exercising their stock options and getting richer and richer.

Well, we can tell the American people that we really did not understand, that we really were not paying attention; but we cannot keep doing it. We cannot keep saying, oh, I made a mistake.

Right on the heels of this great debacle in America, we find ourselves confronted with predatory lenders that come in all stripes and sizes. We know that the pay-day lenders are on every corner in inner cities and little towns and now lined up outside of our American Army bases where they are luring people in to get these small loans.

The SPEAKER pro tempore. The gentlewoman's time has expired.

Ms. WATERS. Mr. Speaker, I would respectfully request that I be allowed the time that has been interfered with by the Members on the floor who have not respected the Speaker's gavel. The Speaker has taken up at least a minute of my time, and I would like to have it restored to me.

The SPEAKER pro tempore. The gentlewoman from California (Ms. WATERS) is recognized for 30 additional seconds to conclude her remarks.

Ms. WATERS. Mr. Speaker, the rent-to-own industry has come to this House, and they have gotten support to try and preempt States that have stronger consumer protection laws. We should not allow it to happen. It is unconscionable that we are allowing them to rip off the most vulnerable in our society with these rent-to-own contracts that are charging $800 and $900 for a $169 television, and on and on it goes.

□ 1500

We have the opportunity to do something about it today. I would ask that we allow this bill to be recommitted so that it can be fixed.

Mr. BACHUS. Mr. Speaker, I rise to seek time in opposition.

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from Alabama (Mr. BACHUS) is recognized for 5 minutes.

Mr. BACHUS. Mr. Speaker, the body has just heard a lot of information. It was probably about equally divided between information that is not relevant to the legislation before us and misinformation about the legislation. It is very hard in 5 minutes to rebut all of that.

First, let me say that this has nothing to do with WorldCom, Enron, and Quest. Those companies are not in the rent-to-own industry, so any confusion, I hope we dispel that right up front.

What the gentlewoman is talking about is the rent-to-own industry. It is the largest industry in America that is not regulated. The States are pretty much divided: One-third of them have no regulation, one-third of them have weak-to-moderate regulation, and one third of them have strong regulation.

What this legislation does, it leaves in place all consumer protection legislation at the State level, all. It leaves all those laws passed by the State legislature, all, and I will explain that, all of them in place. It simply has a floor. It requires certain things. If the State has a stronger provision, that is applicable. If the State has a weaker provision, the Federal standard applies.

Today, over 40 States do not require that they put a price tag on a rent-to-own item. Every consumer group has condemned this. This legislation will require a price tag so the consumer knows what he is paying, what it is costing him.

In every State, in 46 States, the legislatures have looked at these transactions and they have said that it is not a consumer credit sale. It is not a credit sale, it is a lease or a lease-purchase or a rent-to-own. It is not a credit sale.

But judges in three courts around the country have said, no, it is a credit sale. It is a consumer credit transaction, and we are going to apply all the Federal law that applies to those transactions to this. We are going to apply all the Federal laws that apply to those transactions, including an APR statement, a disclosure statement.

The FTC, in a fairly exhaustive study, looked at that, and the Federal Reserve and the FTC said that requiring these APR statements and these consumer disclosures which are required for credit sales, when we apply them to rent-to-own, we confuse or mislead the customer. California does not do it, New York does not do it; but judges, not State legislatures, judges in three or four States have said we are going to do that.

This legislation does change the law in Wisconsin, New Jersey, and one other State, Vermont. It changes it in those three States by saying that it is not a credit sale. It does not repeal any law that the legislatures passed. It does invalidate a judge-made law in those States. But in no case, in no case other than in those four States, three or four States, does it make any change in the law.

Furthermore, Mr. Speaker, and I have said that repeatedly during this debate, there is nothing in this legislation that prevents a State from passing any law that they want to pass to ban or put additional restrictions on these sales, except to mischaracterize it as a consumer credit transaction. These people are going in and they are renting property, that is what they say, and they do not think they are applying for a loan. Those regulations should not apply to them.

The gentlewoman from California (Ms. WATERS) has asked us to really apply the law of four States to the law of 46 States. I say, resist this motion to recommit and let us get on with protecting the people, the 15 million Americans that use these rent-to-own transactions.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Ms. WATERS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for any electronic vote on the question of passage.

This will be a 15-minute vote followed by a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 190, noes 227, not voting 15, as follows:

[Roll No. 394]

AYES—190

| | | |
|---|---|---|
| Abercrombie | Fattah | McGovern |
| Ackerman | Ferguson | McNulty |
| Allen | Filner | Meehan |
| Andrews | Ford | Meek (FL) |
| Baca | Frank | Menendez |
| Baird | Frelinghuysen | Millender-McDonald |
| Baldacci | Gephardt | Mollohan |
| Baldwin | Gonzalez | Moran (VA) |
| Barcia | Graham | Morella |
| Barrett | Green (TX) | Nadler |
| Bass | Green (WI) | Napolitano |
| Becerra | Gutierrez | Neal |
| Bentsen | Harman | Oberstar |
| Berkley | Hastings (FL) | Obey |
| Berman | Hill | Olver |
| Berry | Hilliard | Ortiz |
| Bishop | Hinchey | Owens |
| Blumenauer | Hinojosa | Pallone |
| Bonior | Hoeffel | Pascrell |
| Borski | Holt | Pastor |
| Boswell | Honda | Paul |
| Boucher | Inslee | Payne |
| Boyd | Israel | Pelosi |
| Brady (PA) | Jackson (IL) | Petri |
| Brown (OH) | Jackson-Lee (TX) | Pomeroy |
| Capps | Jefferson | Price (NC) |
| Capuano | Johnson, E. B. | Rahall |
| Cardin | Jones (OH) | Ramstad |
| Carson (IN) | Kaptur | Rangel |
| Carson (OK) | Kennedy (RI) | Rivers |
| Clay | Kildee | Rodriguez |
| Clayton | Kilpatrick | Roemer |
| Clyburn | Kind (WI) | Rothman |
| Condit | Kleczka | Roybal-Allard |
| Coyne | Kucinich | Rush |
| Crowley | LaFalce | Ryan (WI) |
| Cummings | Langevin | Sabo |
| Davis (CA) | Lantos | Sanchez |
| Davis (FL) | Larsen (WA) | Sanders |
| Davis (IL) | Larson (CT) | Sandlin |
| Davis, Jo Ann | Lee | Sawyer |
| DeFazio | Levin | Saxton |
| DeGette | Lewis (GA) | Schakowsky |
| Delahunt | LoBiondo | Schiff |
| DeLauro | Lofgren | Scott |
| Deutsch | Lowey | Sensenbrenner |
| Dicks | Luther | Serrano |
| Dingell | Lynch | Slaughter |
| Doggett | Maloney (NY) | Smith (WA) |
| Doyle | Markey | Snyder |
| Edwards | Mascara | Solis |
| Ehlers | Matheson | Spratt |
| Ehrlich | Matsui | Stark |
| Engel | McCarthy (MO) | Strickland |
| Eshoo | McCarthy (NY) | Stupak |
| Etheridge | McCollum | Tancredo |
| Evans | McDermott | Tauscher |
| Farr | | |

Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Udall (CO)
Udall (NM)
Upton
Velazquez
Visclosky
Waters
Watson (CA)
Watt (NC)
Waxman
Weiner
Wexler
Woolsey
Wu

NOES—227

Aderholt
Akin
Armey
Bachus
Baker
Ballenger
Barr
Bartlett
Barton
Bereuter
Biggert
Bilirakis
Blunt
Boehlert
Boehner
Bonilla
Bono
Boozman
Brady (TX)
Brown (SC)
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Castle
Chabot
Chambliss
Clement
Coble
Collins
Combest
Costello
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis, Tom
Deal
DeLay
DeMint
Diaz-Balart
Dooley
Doolittle
Dreier
Duncan
Dunn
Emerson
English
Everett
Flake
Fletcher
Foley
Forbes
Fossella
Frost
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Gordon
Goss
Granger
Graves
Greenwood
Grucci
Gutknecht
Hall (TX)
Hansen
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Hoyer
Hulshof
Hunter
Hyde
Isakson
Issa
Istook
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Kanjorski
Keller
Kelly
Kennedy (MN)
Kerns
King (NY)
Kirk
Knollenberg
Kolbe
LaHood
Lampson
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
Lucas (KY)
Lucas (OK)
Maloney (CT)
Manzullo
McCrery
McHugh
McInnis
McIntyre
McKeon
Meeks (NY)
Mica
Miller, Dan
Miller, Gary
Miller, Jeff
Moore
Moran (KS)
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Osborne
Ose
Otter
Oxley
Pence
Peterson (MN)
Peterson (PA)
Phelps
Pickering
Pitts
Platts
Pombo
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Regula
Rehberg
Reyes
Reynolds
Riley
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Ryun (KS)
Schaffer
Schrock
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Stenholm
Sullivan
Sununu
Sweeney
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Tiberi
Toomey
Turner
Vitter
Walden
Walsh
Wamp
Watkins (OK)
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Wynn
Young (AK)
Young (FL)

NOT VOTING—15

Blagojevich
Brown (FL)
Bryant
Conyers
Cooksey
Hilleary
Houghton
Kingston
McKinney
Miller, George
Mink
Roukema
Royce
Simmons
Stump

□ 1522

Messrs. LoBIONDO, SAXTON, FRELINGHUYSEN and FERGUSON changed their vote from ''no'' to ''aye.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. LaHood). The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Ms. WATERS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 215, noes 201, answered ''present'' 1, not voting 15, as follows:

[Roll No. 395]

AYES—215

Ackerman
Aderholt
Akin
Armey
Bachus
Baker
Ballenger
Barr
Bartlett
Bentsen
Bereuter
Berkley
Biggert
Bilirakis
Boehlert
Boehner
Bonilla
Bono
Boozman
Brady (TX)
Brown (SC)
Burr
Burton
Buyer
Calvert
Camp
Cantor
Capito
Carson (OK)
Castle
Chabot
Chambliss
Clay
Clement
Clyburn
Coble
Collins
Combest
Cox
Cramer
Crane
Crenshaw
Cunningham
Davis, Jo Ann
Deal
DeLay
DeMint
Diaz-Balart
Dooley
Dreier
Duncan
Dunn
Emerson
English
Everett
Fletcher
Forbes
Ford
Fossella
Frost
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gonzalez
Goode
Goodlatte
Gordon
Goss
Granger
Graves
Greenwood
Grucci
Gutknecht
Hall (TX)
Hansen
Hart
Hastings (WA)
Hayes
Hayworth
Herger
Hobson
Holden
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hyde
Inslee
Isakson
Issa
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Kanjorski
Keller
Kelly
King (NY)
Kirk
Knollenberg
Kolbe
LaHood
Lampson
Larson (CT)
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lucas (KY)
Lucas (OK)
Maloney (CT)
Manzullo
Matheson
McCrery
McHugh
McIntyre
McKeon
Meeks (NY)
Mica
Miller, Dan
Miller, Gary
Moore
Moran (KS)
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ortiz
Osborne
Ose
Otter
Oxley
Pence
Peterson (MN)
Peterson (PA)
Phelps
Pickering
Pitts
Pombo
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Regula
Rehberg
Reyes
Reynolds
Riley
Rogers (KY)
Ros-Lehtinen
Ross
Royce
Ryun (KS)
Sandlin
Schrock
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Skelton
Smith (TX)
Spratt
Stearns
Stenholm
Sullivan
Sununu
Sweeney
Tancredo
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Tiberi
Toomey
Towns
Turner
Vitter
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wu
Wynn
Young (AK)
Young (FL)

NOES—201

Abercrombie
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett
Barton
Bass
Becerra
Berman
Berry
Bishop
Blumenauer
Blunt
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Cannon
Capps
Capuano
Cardin
Carson (IN)
Clayton
Condit
Costello
Coyne
Crowley
Cubin
Culberson
Cummings
Davis (CA)
Davis (FL)
Davis (IL)
Davis, Tom
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Doolittle
Doyle
Edwards
Ehlers
Ehrlich
Engel
Eshoo
Etheridge
Farr
Fattah
Ferguson
Filner
Flake
Foley
Frank
Frelinghuysen
Gephardt
Gilman
Graham
Green (TX)
Green (WI)
Gutierrez
Harman
Hastings (FL)
Hefley
Hill
Hilliard
Hinchey
Hinojosa
Hoeffel
Hoekstra
Holt
Honda
Israel
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kaptur
Kennedy (MN)
Kennedy (RI)
Kerns
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
LaFalce
Langevin
Lantos
Larsen (WA)
Lee
Levin
Lewis (GA)
Lipinski
LoBiondo
Lofgren
Lowey
Luther
Lynch
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McInnis
McKinney
McNulty
Meehan
Meek (FL)
Menendez
Millender-McDonald
Miller, Jeff
Mollohan
Moran (VA)
Morella
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Owens
Pallone
Pascrell
Pastor
Paul
Payne
Pelosi
Petri
Platts
Pomeroy
Price (NC)
Rahall
Ramstad
Rangel
Rivers
Rodriguez
Roemer
Rogers (MI)
Rohrabacher
Rothman
Roybal-Allard
Rush
Ryan (WI)
Sabo
Sanchez
Sanders
Sawyer
Saxton
Schaffer
Schakowsky
Schiff
Scott
Sensenbrenner
Serrano
Skeen
Slaughter
Smith (MI)
Smith (NJ)
Smith (WA)
Snyder
Solis
Souder
Stark
Strickland
Stupak
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Udall (CO)
Udall (NM)
Upton
Velazquez
Visclosky
Walden
Waters
Watson (CA)
Watt (NC)
Waxman
Weiner
Wexler
Wolf
Woolsey

ANSWERED ''PRESENT''—1

Callahan

NOT VOTING—15

Blagojevich
Brown (FL)
Bryant
Conyers
Cooksey
Evans
Hilleary
Kingston
Miller, George
Mink
Roukema
Simmons
Stump
Watkins (OK)
Weller

□ 1532

Mr. TAYLOR of North Carolina changed his vote from ''no'' to ''aye.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. WATKINS of Oklahoma. Mr. Speaker on rollcall No. 395 I was unavoidably detained. Had I been present, I would have voted ''aye.''

GENERAL LEAVE

Mr. BACHUS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 1701, the bill just passed.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Alabama?

There was no objection.

THE JOURNAL

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the pending business is the question on agreeing to the Speaker's approval of the Journal.

Pursuant to clause 1, rule I, the Journal stands approved.

MOTION TO INSTRUCT CONFEREES ON H.R. 3295, HELP AMERICA VOTE ACT OF 2001

Ms. WATERS. Mr. Speaker, I offer a motion to instruct the conferees on the Help America Vote Act, H.R. 3295.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Ms. WATERS moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendments to the bill H.R. 3295 be instructed to take such actions as may be appropriate to ensure that a conference report is filed on the bill prior to October 1, 2002.

The SPEAKER pro tempore. The gentlewoman from California (Ms. WATERS) will be recognized for 30 minutes and the gentleman from Ohio (Mr. NEY) will be recognized for 30 minutes.

The Chair recognizes the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

This motion instructs the conferees on H.R. 3295, the election reform legislation, to complete their work and file a conference report prior to October 31, 2002. Mr. Speaker, it has been almost 2 years since the 2000 Presidential election, an election that created a crisis of confidence in our Nation's election system. It has been more than 9 months since the House of Representatives passed the Help America Vote Act, H.R. 3295. It has been more than 5 months since the Senate passed its version of election reform legislation, S. 565, the Martin Luther King, Jr. Equal Protection of Voting Rights Act of 2002 by a vote of 99 to 1. Yet the conferees still have not completed their work.

The 2000 Presidential election lost between 500,000 and 1.2 million votes because of faulty machines, confusing ballot designations and designs, reported voter intimidation, and other human and mechanical impediments to the voting process. According to the United States census population survey, 2.8 percent of the 40 million voters who did not vote in 2000 stated they did not vote because of problems with polling place operations such as long lines and inconvenient hours or locations. Many of those who did vote in 2000 found themselves wondering whether their vote was counted and whether they actually voted for the candidate of their choice. We have already begun to observe similar problems in the 2002 primary election in several States, not to mention Florida one more time.

Mr. Speaker, in February of 2001, because of all of this, House Democratic leader Richard Gephardt asked me to lead the Democratic Caucus Special Committee on Election Reform. The committee was given the responsibility to travel throughout America and examine our Nation's voting practices and equipment. Over a 6-month period of time, this committee held six public-filled hearings in Philadelphia, San Antonio, Chicago, Jacksonville, Cleveland, and Los Angeles. We heard from election experts and hundreds of voters about what is wrong with our election system. I was overwhelmed by the outpouring of interest and support we received from our Nation's voters.

Our committee released a comprehensive report on November 7, 2001, the anniversary of the 2000 election debacle. The committee's report, entitled Revitalizing our Nation's Election System, set forth targeted minimal standards for Federal elections in order to guarantee that every vote will count. This report became part of the foundation for H.R. 3295, the Help America Vote Act of 2001.

Mr. Speaker, not only did Leader GEPHARDT appoint me to lead the Democratic Caucus Special Committee on Election Reform, many other committees around this country were working to try to find out what went wrong, what is wrong with our election system, what is it we have not paid attention to, what caused us to get to the point of such dysfunction in that election. The NAACP held hearings. The U.S. Commission on Civil Rights held hearings. There was a Carter-Ford Commission, and then, of course, this legislation was taken up that I am referring to by the Committee on House Administration led by the gentleman from Maryland (Mr. HOYER) and the gentleman from Ohio (Mr. NEY). And, of course, even though the gentleman from Michigan (Mr. CONYERS) is not here today, our ranking member on the Committee of the Judiciary has spent countless hours meeting with human rights groups and civil rights groups not only here in the Capitol but across the country, and I am told by the gentleman from Michigan (Mr. CONYERS) that wherever he travels, he is asked what is going to be done about election reform? What are you going to do to correct the problems in the election system?

In addition to that, the Leadership Conference on Civil Rights and many others that I am unable to notice today have already been holding hearings, gathering information and trying to bring us to a point of reform.

With that, let me just say that the Help America Vote Act would establish the election assistance commission, set up a program to buy out or improve antiquated punch card voting systems, authorize funds to improve the administration of elections, improve procedures for uniform and overseas voters, and set certain minimal standards for State and local election systems.

The Help America Vote Act was passed again by the House of Representatives on December 12, 2001, by an overwhelming vote of 362 to 63. You can see, Mr. Speaker, it is time for us to do something. It is time for the conferees to act. We need to get this conference report done and reported out.

Mr. Speaker, I reserve the balance of my time.

Mr. NEY. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of the gentlewoman from California's (Ms. WATERS) motion to instruct, the one offered by the distinguished Member. I want to thank her for offering the motion.

I believe that the conferees, Mr. Speaker, on the election reform bill are within sight of an agreement that will bring critically needed aid and assistance to improve elections in the United States, and I believe this motion to instruct will have a positive effect of reminding the conferees on both sides of the aisle that reasonable negotiations are critical to getting this conference report done in the very near future. It is not that we need reminding, but I think this helps. We simply cannot afford to deadlock this conference because either side makes unrealistic demands at the last minute.

Let us talk for a minute about what both sides agree on, and I think it is important to note. We agree that we should authorize substantial sums of Federal dollars to modernize election systems in the next few years. We agree that obsolete voting systems like punch cards and lever machines should be replaced as rapidly as possible. We agree that voters in all States should have their rights protected by imposing basic requirements. We agree that those requirements should include guaranteed access to voting machines and ensure ballot access and secrecy for those who have a form of a disability. We agree that they should guarantee a voter's right to review his or her ballot to correct errors before that ballot is cast. We agree that they should guarantee a voter's right to provisional ballots so no voter is turned away from the polls in the United States. We agree that there should be an election assistance commission to help States comply with these requirements. We agree that there should be strong enforcement by the Department of Justice to ensure that these provisions are fully complied with as the law of the land. We agree there should be research and pilot programs to develop and to test new technologies to improve our voting systems.

We also agree, Mr. Speaker, there should be programs to encourage both