

**Public Policy Position
HB 5273 and SB 0666**

The Animal Law Section is a voluntary membership section of the State Bar of Michigan, comprised of 213 members. The Animal Law Section is not the State Bar of Michigan and the position expressed herein is that of the Animal Law Section only and not the State Bar of Michigan. To date, the State Bar does not have a position on this item.

The Animal Law Section has a public policy decision-making body with 15 members. On February 10, 2020, the Section adopted its position after an electronic discussion and vote. 11 members voted in favor of the Section's position on HB 5273 and SB 0666, 0 members voted against this position, 0 members abstained, 4 members did not vote.

Support

Explanation:

HB 5273 and SB 666 are mirror bills that would revise Michigan's Consumer Protection Act to prohibit leasing or making payments as a method of purchasing a companion animal if the buyer receives custody but not ownership of the animal until the payments or made or until the end of the lease term. The bill will also prohibit granting a security interest in a companion animal as security for a loan. The Animal Law Section supports these bills because they will protect both people and animals.

Unfortunately, most pet stores and on-line sellers in the US source their animals, particularly puppies, from "mills," which are large-scale commercial breeding facilities that emphasize profits over welfare. Faced with high retail price tags, buyers who might balk at spending thousands of dollars are encouraged to purchase the animal through a lease arrangement, where the buyer receives immediate custody of the animal, but does not own the animal until all of the payments are made. These bills are designed to close this abusive industry's access to predatory lending.

Pet stores work with third-party finance companies who offer zero-down financing, an easy on-line application, and minimal qualification requirements. According to some buyers, they were unable to see any information about the lease terms and were shocked to learn that they could end up paying twice the original cost of the dog by the time all the payments were made. One of these third-party finance companies indicated that interest rates ranged from 19% – 200% depending on the buyer's credit. The lease is secured with the animal, and ownership does not pass from the seller to the buyer until all of the payments are made, plus a lease buy-out payment of about \$500 at the lease end.

The animals sold at pet stores or online have an above-average risk of medical and behavior problems that can be life threatening, and consumers are often faced with the expense and, potentially, heartbreak of caring for an animal and providing it with medical and/or behavioral treatment that may not be successful. If the animal was purchased through a lease arrangement, the buyer is left with his or her grief and a loan that still has to be repaid.

The other major problem is what happens if the buyer defaults on the lease or loan. Because the loan is secured with the animal, if the buyer fails to make payments, the seller would have the option to repossess the animal. In such a case, the human-animal bond is sacrificed in favor of the seller's profit.

Contact Person: Ann M. Griffin

Email: annmgriffin@hotmail.com