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## FISCAL IMPACT REPORT

SPONSOR Trujillo LAST UPDATED \_\_\_\_\_  
ORIGINAL DATE 02/14/2025  
SHORT TITLE Electronic Disclosure for Rental BILL \_\_\_\_\_  
Agreements NUMBER Senate Bill 179  
ANALYST Gygi

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
NMAG	No fiscal impact	No fiscal impact	No fiscal impact			

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Agency Analysis Received From

New Mexico Attorney General (NMAG)

New Mexico Mortgage Finance Authority (MFA)

## SUMMARY

### Synopsis of Senate Bill 179

Senate Bill 179 (SB179) amends the New Mexico Rental Purchase Agreement Act (Sections 57-26-1 through 57-26-12 NMSA 1978) allowing certain required disclosures to be made electronically for property displayed or offered online. The bill would add a new Subsection E to existing statute, which requires the following disclosures for “rent-to-own” or rental purchase agreements: (1) the cash price of the item; (2) the amount of the periodic payment; and (3) the total number and total amount of periodic payments necessary to acquire ownership.

SB179 allows these disclosures to be made electronically for e-commerce transactions, so long as these three disclosures are made “clearly and conspicuously” and prior to the additional, more extensive disclosures required by a different section of the Act (Section 57-26-5).

The bill also ensures that if an advertisement is in a language other than English, the required disclosures must also be in that same non-English language.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## FISCAL IMPLICATIONS

This bill would have no fiscal impact.

## SIGNIFICANT ISSUES

Rent-to-own arrangements provide consumers an alternative to paying for merchandise upfront. These items are often high-cost household products such as furniture, large appliances, media, and computers. However, there is a downside: the final purchase price is much greater than the retail price of the same item or the cost of financing over time.

According to a U.S. Congressional Research Service report:<sup>1</sup>

The rent-to-own industry attracts consumers who may have a hard time qualifying for credit, do not have enough cash for a purchase, and are unable or unwilling to wait and save for an item.... The total of the installment payments can be two to three times (sometimes more) the retail price of the item. Consumer advocates state one way to clearly see the high final cost of a rental purchase item is by calculating what the effective annual percentage rate (APR) for the transaction would be.

As of 2007, 47 states had rent-to-own laws; the majority regulate rent-to-own transactions similar to leases. The industry supports these laws, but consumer advocates oppose them arguing that rent-to-own transactions should be treated instead as credit sales.

The New Mexico Rental-Purchase Agreement Act includes the following definition in Section 57-26-2 NMSA 1978.

"Rental-purchase agreement" means an agreement for the use of goods by an individual for personal, family or household purposes, for an initial period of four months or less, that is automatically renewable with each payment after the initial period, that does not obligate or require the consumer to continue renting or using the goods beyond the initial period and that permits the consumer to become the owner of the goods.

The act governs the information that must be included in rental-purchase agreements and sets rules for how to advertise and disclose information about these agreements. Currently, statute requires this information be declared on a tag or card physically attached to the item. SB179 allows for electronic disclosure of required information for property displayed or offered online provided it is clearly and conspicuously displayed. The New Mexico Attorney General (NMAG) comments that typically means by bolded or large font text.

SB179 would modernize disclosure requirements to accommodate online and electronic rental-purchase transactions while maintaining consumer protection standards. As noted by the New Mexico Mortgage Finance Authority (MFA), this amendment would align digital advertising regulation of rent-to-own property with print advertising regulation.

It is not clear whether these disclosures apply to rent-to-purchase agreements regarding housing.

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<sup>1</sup> The federal government does not regulate rent-to-own agreements although Congress has made several attempts to do so, see 2007 <https://www.everycrsreport.com/reports/RS21467.html>.

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