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Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. McNally and Grim

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SUMMARY

- Prohibits retail sellers from making retail installment sales for the purchase of a dog or cat, declares such sales void, and provides that the seller cannot collect amounts related to the sale, and has no security interest in the dog or cat, subject to a continuing law exemption for sales where the base finance and service charge is $15 or less.
- Prohibits licensees under the Small Loan Law, Short-term Loan Law, and Consumer Installment Loan Act, and registrants under the General Loan Law, from making a loan for the purchase, lease, or lease-purchase of a dog or cat, declares such loans void, and provides that the licensee or registrant cannot collect amounts related to the loan, and has no security interest in the dog or cat.
- Classifies financing a dog or cat under the Small Loan Law or Short-term Loan Law in violation of the bill as an unfair and deceptive act or practice in violation of the Consumer Sales Practice Act (CSPA) and grants the Attorney General (AG) and borrowers the same enforcement authority as under the CSPA.
- Allows the Superintendent of Financial Institutions or a borrower to bring an action to enjoin a violation of the bill's Small Loan Law prohibition.
- Permits the county prosecuting attorney of the county in which a Small Loan Law violation action may be brought to enjoin the violation if the prosecutor first presents evidence of the violation to the AG and the AG declines to bring the action.

DETAILED ANALYSIS

Retail installment sales of dogs or cats prohibited

The bill prohibits retail sellers from entering into retail installment sales for the purchase of a dog or cat. Any retail installment sale made in violation of this prohibition is void, and the

seller has no right to collect, receive, or retain any principal, interest, or charge related to the sale, and has no security interest in the dog or cat.

The existing Retail Installment Sales Law imposes various requirements and limitations on "retail installment sales," which are defined as including, with certain exceptions, every retail installment contract to sell specific goods, every consumer transaction in which the cash price may be paid in installments over a period of time, and every retail sale of specific goods to any person in which the cash price may be paid in installments over a period of time. That law provides that retail installment sales must generally be evidenced by a written instrument. A "retail installment contract" is defined as any written instrument that is executed in connection with any retail installment sale and is required or authorized under the Retail Installment Sales Law and includes all such instruments executed in connection with any retail installment sale. "Retail seller" means a seller that is a party to a retail installment sale. "Seller" is defined as a person who sells or agrees to sell goods. [1]

Continuing law exemption

Continuing law provides that certain provisions of the Retail Installment Sales Law do not apply to any sale in which the base finance and service charge, as calculated under existing law, does not exceed the sum of $15. As a result, it appears the bill's prohibition does not apply if the base finance and service charge for the purchase of a dog or cat is $15 or less. Thus, in such a case, it appears a retail installment sale could be made, the seller has a right to collect payments, and the seller would have a security interest in the dog or cat. For example, if the retail installment sale price for a dog is $1,000 but the seller charges only a $15 base finance or service charge, then it seems the bill would not prevent such an agreement.[2]

Certain loans for purchase or lease of dogs or cats prohibited

The bill prohibits licensees under the Small Loan Law, Short-term Loan Law, and Consumer Installment Loan Act, and registrants under the General Loan Law, from making a loan for the purchase, lease, or lease-purchase of a dog or cat. Any loan made in violation of the bill is declared void, and the licensee or registrant has no right to collect, receive, or retain any principal, interest, or charges related to the loan and has no security interest in the dog or cat.[3]

Under continuing law, any person intending to offer loans with certain terms must be registered or licensed under the appropriate "loan law."[4] The table below is a brief description of the relevant types of loans covered in the bill.

[1] R.C. 1317.081; R.C. 1317.01(A), (H), (I), and (L), and 1317.02, not in the bill.

[2] R.C. 1317.081; R.C. 1317.06, not in the bill.

[3] R.C. 1321.142(A) and (B), 1321.412, 1321.593, and 1321.633.

[4] R.C. 1321.02, 1321.36(A), 1321.52(A)(1), and 1321.63(A)(1), not in the bill.

Current Loan Laws thresholds

Name	Loan amount	Loan duration
Small Loan Law[5]	$1,000.01 to $5,000	Over 1 year
Short-term Loan Law[6]	Up to $1,000	Up to one year
General Loan Law[7]	Over $1,000	Over one year
Consumer Installment Loan Act[8]	No limit, but generally requires equal monthly payments	Minimum six months

Enforcement provisions

Consumer Sales Practices Act

Violation of the bill's prohibition on small loan licensees or short-term loan licensees making a loan for the purchase, lease, and lease-purchase of a dog or cat is designated as an unfair or deceptive act or practice under the Consumer Sales Practices Act (CSPA). The bill grants the Attorney General (AG) all investigative and enforcement authority available for a CSPA violation under current law concerning a violation of these provisions. The bill also provides small loan or short-term loan borrowers injured by a violation of the bill with a cause of action for relief to the same extent available to a consumer under the CSPA.

Continuing law, unchanged by the bill, grants the AG the authority to directly bring an action to enjoin a violation of the General Loan Law and Consumer Installment Loan Act with the same rights, privileges, and powers as under the CSPA's AG investigations provision.

Existing law penalties that the AG or a consumer may obtain under the CSPA include, for example, a declaratory judgment that the act or practices violates the CSPA and monetary penalties.[9]

[5] R.C. 1321.02 and 1321.141, not in the bill.

[6] R.C. 1321.39, not in the bill.

[7] R.C. 1321.592, not in the bill.

[8] R.C. 1321.631, not in the bill.

[9] R.C. 1321.142(C) and 1321.44(A); R.C. 1345.06, 1345.07, 1345.09, 1321.541(A) and 1321.701(A), not in the bill.

Other enforcement actions

Additionally, the bill allows the Superintendent of Financial Institutions or a borrower to bring a direct action for an injunction to stop violations of the prohibition against making a loan for the purchase, lease, or lease-purchase of a dog or cat under the Small Loan Law. The prosecuting attorney of the county in which the action to enjoin a violation of the bill may bring an action seeking an injunction for a violation of the bill's Small Loan Law prohibition, but only if they first provide evidence of the violation to the AG and, within a reasonable time, the AG does not bring the action.

Continuing law, unchanged by the bill, allows injunction actions to be brought by the Superintendent, borrower, or prosecuting attorney in the same manner as described above for violations of the Short-Term Loan Law.[10]

HISTORY

Action	Date
Introduced	12-03-25

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[10] R.C. 1321.142(D) and 1321.44(B).