



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-FIFTH LEGISLATURE, 2010**

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**ON THE FOLLOWING MEASURE:**

S.B. NO. 2863, S.D. 2, RELATING TO THE TAX LIEN AND ENCUMBRANCE RECORD.

**BEFORE THE:**

HOUSE COMMITTEE ON TRANSPORTATION

**DATE:** Monday, March 8, 2010                      **TIME:** 9:30 a.m.

**LOCATION:** State Capitol, Room 309

**TESTIFIER(S):** Mark J. Bennett, Attorney General, or  
Elton Au, Deputy Attorney General

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Chair Souki and Members of the Committee:

The Department of the Attorney General strongly supports this measure.

The purpose of this bill is to expand the existing tax lien and encumbrance record statute to assist state and county agencies in recovering moneys owed for outstanding judgments by encumbering vehicle titles of any debtor that has an outstanding judgment payable to the State or a county. This bill will also require the payment of judgments owed to the State or a county as a condition precedent to the vehicle's renewal, registration, or transfer of ownership. This bill also includes a provision to exempt state or county agencies from paying the statutory fee of \$5 for each recordation.

The encumbrance of motor vehicle titles will strengthen the ability of state and county agencies to recover moneys for outstanding judgments owed to any state or county agency. By requiring the payment of outstanding judgments payable to the State or a county before the renewal, registration, or transfer of ownership of the debtor's vehicle, debtors will be encouraged to repay debts owed to state or county agencies. Also, the statutory fee of \$5 per recordation is hindering some agencies

from using the statute to assist in the recovery of outstanding debts owed to the agency. Waiving the \$5 fee will encourage more state and county agencies to use this recovery tool. This bill allows for only actual judgments obtained by the State or counties, in order to satisfy any due process issues, since such judgments are rendered only after ample notice and opportunity to be heard have already been given.

We respectfully request passage of this measure.

DEPARTMENT OF CUSTOMER SERVICES  
**CITY & COUNTY OF HONOLULU**  
DIVISION OF MOTOR VEHICLE, LICENSING AND PERMITS  
ADMINISTRATION  
P.O. BOX 30300  
HONOLULU, HAWAII 96820-0300

MUFI HANNEMANN  
MAYOR



GAIL Y. HARAGUCHI  
DIRECTOR

DENNIS A. KAMIMURA  
LICENSING ADMINISTRATOR

March 4, 2010

The Honorable Joseph M. Souki, Chair  
and Committee Members  
Committee on Transportation  
House of Representatives  
State of Hawaii  
State Capitol, Room 403  
Honolulu, Hawaii 96813

Dear Chair Souki and Committee Members:

Subject: S.B. No. 2863 SD2, Relating to Tax Lien and Encumbrance Record

The Division of Motor Vehicle, Licensing and Permits, City and County of Honolulu is concerned with S.B. No. 2863 which will waive the \$5 fee for county and state agencies for the entries made to the tax lien and encumbrance records.

Section 286-46 (b), HRS, describes the laborious recording process that must be accomplished by the motor vehicle staff. Previous to the enactment of the \$5 fee, the division had to dedicate one staff member to research any and all vehicles registered to the defendant on both our computer file and microfilm files, accomplish the manual posting to the tax lien and encumbrance records, and flag the vehicle record on our motor vehicle registration computer files, if the record existed on the computer file. Often times, we would have a backlog as a result of the research required and manual posting. This laborious process was accomplished at the expense of completing other required motor vehicle registration transactions such as processing motor vehicle renewals, ownership transfers, and filing of our active titles.

We would not have any objections to the waiver of the \$5 fee if the county or state agency provided us the vehicle information or limit our research to vehicles that are on our computer files rather than requiring us to search at least seven years of microfilm files.

We recommend that S.B. No. 2863 SD2 be amended by amending the additional statutory language on page 4, lines 5 through 7 to read:

"Neither the State, county, nor any political subdivision, shall be charged a fee for any entry made in the tax lien and encumbrance record if the vehicle is found on the motor vehicle registration computer file."

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis A. Kamimura".

Dennis A. Kamimura  
Licensing Administrator