

Honolulu, Hawaii

March 16, 2012

RE: S.B. No. 2224

S.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred S.B. No. 2224, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE TAX LIEN AND ENCUMBRANCE RECORD, "

begs leave to report as follows:

The purpose of this measure is to increase the ability of state and county agencies to collect outstanding debts by:

- (1) Requiring the county Director of Finance to record notices of judgments as an encumbrance payable to a county on any registered motor vehicle in the Director's "tax lien and encumbrance record" book;
- (2) Exempting state and county agencies, under certain conditions, from paying the fee for the recording of an entry in the "tax lien and encumbrance record" book; and
- (3) Allowing a taxpayer to enter into a payment agreement with the Department of Taxation to avoid a lien and encumbrance recordation.

The Department of the Attorney General, Department of Customer Services of the City and County of Honolulu, and Finance Department of the County of Hawaii testified in support of this measure.

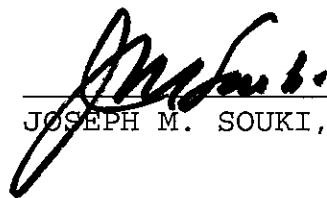


Hawaii, like the rest of the nation, is facing economic conditions that have not been experienced for some time, which has necessitated a search for ways of increasing revenues. One way of accomplishing this is to pursue collections of outstanding debts owed to the State and counties that have not been recoverable because the debtor either did not meet their payment obligations or simply ignored the recovery efforts by state and county agencies. Placing liens and encumbrances on motor vehicles is an effective mechanism to significantly increase the likelihood of recovering these outstanding debts.

Your Committee notes that currently, agencies may record liens or claims with the Director of Finance of each county, but are required to pay a statutory fee that is deposited into the general fund. This fee may be hindering some agencies from using the tax lien and encumbrance record to assist in the recovery of outstanding debts owed the agency. Exempting the State and counties from the fee requirement will further facilitate the recovery of those debts.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2224, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Transportation,



JOSEPH M. SOUKI, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 1041-12

Record of Votes of the Committee on Transportation

Bill/Resolution No.: SB 2224, SD 1	Committee Referral: TRN, JUD, FIN	Date: 3/12/12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TRN Members	Ayes	Ayes (WR)	Nays	Excused
1. SOUKI, Joseph M. (C)	/			
2. ICHIYAMA, Linda (VC)	/			
3. AQUINO, Henry J.C.	/			
4. CULLEN, Ty	/			
5. LEE, Marilyn B.	/			
6. LUKE, Sylvia	/			
7. OKAMURA, Tom				
8. SAIKI, Scott K.				✓
9. TAKUMI, Roy M.	/			
10. YAMASHITA, Kyle T.	/			
11. FONTAINE, George R.	/			
12. JOHANSON, Aaron Ling	/			
TOTAL (12)	10			1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <i>Linda Ichijama</i>				
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