

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



FREDERICK D. PABLO
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION

P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Joseph M. Souki, Chair
and Members of the House Committee on Transportation

Date: Monday, January 30, 2012

Time: 9:00 a.m.

Place: Conference Room 309, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: H.B. No. 2445 Relating to Taxation

The Department of Taxation (Department) supports this measure.

H.B. 2445 amends Section 286-46, Hawaii Revised Statutes, to allow the recordation of outstanding judgments payable to state or county agencies as a condition precedent to a vehicle's renewal, registration, or transfer of ownership, and to exempt state or county agencies from paying the statutory fee of five dollars.

This measure will greatly assist the Department in collecting delinquent tax accounts. Because, however, the delinquencies may be more than a taxpayer can afford in a single payment, the Department would suggest that the taxpayer also be allowed to provide evidence of having entered into a payment plan with the Department in lieu of fully paying the amount of delinquencies.

The Department strongly supports the provision waiving the required recordation fee for State and county agencies.

Thank you for the opportunity to provide comments.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-SIXTH LEGISLATURE, 2012**

ON THE FOLLOWING MEASURE:

H.B. NO. 2445, RELATING TO THE TAX LIEN AND ENCUMBRANCE RECORD.

BEFORE THE:

HOUSE COMMITTEE ON TRANSPORTATION

DATE: Monday, January 30, 2012 **TIME:** 9:00 a.m.

LOCATION: State Capitol, Room 309

TESTIFIER(S): David M. Louie, Attorney General, or
Michael S. Vincent, Supervising Deputy Attorney General

Chair Souki and Members of the Committee:

The Department of the Attorney General strongly supports this bill.

The purpose of this bill is to expand the existing tax lien 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 county. This bill will also require the payment of judgments owed to the State or county as a condition precedent to the vehicle's renewal, registration, or transfer of ownership. Additionally, this bill 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 motivated to repay debts owed to state or county agencies. Also, the statutory fee of \$5 per recordation hinders some agencies from utilizing the statute to assist in the recovery of outstanding debts owed to the agency. Waiving the \$5 fee will motivate more state and county agencies to use this recovery tool.

This bill requires judgments to be 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.

We respectfully request passage of this bill.

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

PETER B. CARLISLE
MAYOR



GAIL Y. HARAGUCHI
DIRECTOR

DENNIS A. KAMIMURA
LICENSING ADMINISTRATOR

January 27, 2012

The Honorable Joseph M. Souki, Chair
and Committee Members
Committee on Transportation
House of Representatives
State of Hawaii
State Capitol, Room 426
Honolulu, Hawaii 96813

Dear Chair Souki and Committee Members:

Subject: H.B. No. 2445, Relating to Tax Lien and Encumbrance Record

The City and County of Honolulu has concerns with H.B. No. 2445 which will allow state and county agencies to record judgments in the motor vehicle tax lien and encumbrance records without requiring the payment of a filing fee. This filing would prohibit the renewal and transfer of the applicable vehicle(s) until the judgment had been satisfied and certificate of release submitted.

The reason why the current fee was enacted by Act 164, SLH 1995, was to compensate the counties motor vehicle offices for the numerous "shot-gun" filings of "all vehicles registered to _____." No other information were provided and the motor vehicle offices would be required to conduct exhaustive computer and microfilm motor vehicle registration searches based solely on the person's name, and independently determine if the lien was applied to the correct record(s).

We would not have an objection to the waiver of the filing fee for state and county agencies, if the bill was amended to waive the fee provided the agency specifies the license plate number and vehicle identification number of the record to be flagged.

Sincerely,

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

Dennis A. Kamimura
Licensing Administrator