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Presentation To The
Committee on Consumer Protection & Commerce
February 1, 2018 at 2:000 PM
State Capitol Conference Room 329

Testimony in Opposition to House Bill 1625

TO: The Honorable Roy M. Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair
Members of the Committee

My name is Neal K. Okabayashi, the Executive Director of the Hawaii Bankers Association (HBA). HBA is the trade association representing banks with branches in Hawaii.

The Hawaii Bankers Association opposes House Bill 1625 in its present form. If amended, HBA may withdraw its opposition.

Banks finance the purchase of a vehicles\ and the lien securing the debt is listed on the registration. Unlike real estate ownership and liens, there is no statewide mechanism to document the ownership and a lien on the vehicle. That is done on the county level. Also, the person holding the lien is called the legal owner and the person who bought the vehicle is normally called the registered owner.

The HBA is concerned on the lack of clarity in the bill regarding evidence of the banks' lien on the registration since there is no amendment to HRS section 286-41and/or HRS section 286-52.

Another issue is that the bill does not provide for notice to the bank that a beneficiary has been designated on the registration and the later change of the name of the new registered owner upon the death of the former registered owner. The intended transaction upon death differs from the usual procedure upon death, where the decedent's estate either pays the loan balance in full or returns the vehicle but in this case, it is likely that none of the two alternatives will occur. If there is an existing debt secured by the vehicle and the beneficiary does not make the loan payments (perhaps because the beneficiary is unaware of the debt), then the lender will not know the location of the vehicle because unlike a house, the vehicle is movable. Another issue is the number of times a registration must be issued because the registered owner can decide to change the beneficiary daily.

As described in this testimony, the issue is more complicated than it seems and if the Committee desires to vote in the affirmative on this bill, HBA is willing to work with stakeholders to craft an amendment.

Thank you for the opportunity to submit this testimony and please let us know if we can provide further information.

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HB-1625

Submitted on: 1/29/2018 11:00:58 PM

Testimony for CPC on 2/1/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lynn Murakami-Akatsuka		Support	No

Comments:

I strongly support the passage of HB 1625. Thank you for providing the opportunity to testify.

Lynn Murakami-Akatsuka