

Testimony of the
Hawaii State Association of Counties
on
S.B. 432 Relating to Registration of Vehicles.
Committee on Transportation
Thursday, February 11, 2021, 3:00 p.m.
Room 224

The Hawaii State Association of Counties (HSAC) strongly supports S.B. 432, which requires the transferor of a motor vehicle, or the transferor's representative, and the transferee to appear in person to execute the transfer of a motor vehicle.

S.B. 432 addresses a number of issues that are often encountered when there is a transfer of ownership of a motor vehicle:

- Buyers often provide false, illegible, or unusable contact information to the sellers, and then fail to register the vehicle under the buyer's name;
- Sellers may provide fraudulent information about the transfer of the vehicle to an unidentifiable buyer, often to absolve themselves of the responsibility to properly dispose of an unwanted vehicle; and
- Buyers sometimes face undisclosed unpaid taxes, fraudulent registration stickers or other vehicle information.

S.B. 432 will assist the counties to keep accurate and current records of vehicle transfers, and will assist law enforcement, when necessary, in identifying and locating the buyer of a vehicle, who did not provide accurate contact information to the seller.

HSAC understands the burden that the measure will impose upon operators like IIA, rent-a-car operators, and insurers, and agrees that it should be amended to accommodate the concerns that are being raised.

For these reasons, HSAC supports S.B. 432, and is happy to work with IIA, the Insurers Council, and others to work on an agreeable draft. Thank you for the opportunity to submit testimony on S.B. No. 432.

TESTIMONY OF MICHAEL TANOUE

COMMITTEE ON TRANSPORTATION
Senator Chris Lee, Chair
Senator Lorraine R. Inouye, Vice Chair

Thursday, February 11, 2021
3:00 p.m.

SB 432

Chair Lee, Vice Chair Inouye, and members of the Committee on Transportation, my name is Michael Tanoue, counsel for Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **opposes** this bill. SB 432 would greatly increase the amount of time, effort and money involved in the transfer of a motor vehicle title while forcing liability to stay with the transferor until the transfer is made. The bill imposes onerous requirements of an insurer-transferor that translates into higher costs that eventually will be passed on to consumers who purchase motor vehicle insurance. In the event this bill moves forward, we request an amendment to exempt “motor vehicle insurance companies” from the provisions in sections (a) and (b) of the bill.

Thank you for the opportunity to testify.



**Testimony of Mark Binder from Copart, Inc.
In Opposition to Senate Bill 432
Committee on Transportation
February 11, 2021**

Chair Lee and members of the Committee on Transportation,

My name is Mark Binder and I am testifying on behalf of Copart, Inc. Copart is a global leader in the salvage and auto auction industry and I am the Director of Government Affairs based out of Oklahoma City.

I appreciate the opportunity to testify in **opposition** to Senate Bill 432 as currently written. Copart has one Hawaii location and several sublots on the islands. We provide a service to insurance carriers, rental car companies, charities and anyone who wants to sell a vehicle at our yards. We are proud members of the Hawaii business community and provide a needed resource within the state.

This bill as currently written would have a significant and very negative impact to the high-volume auction community. Copart does not own the units we sell and are a service for vehicle owners which are primarily business entities. Examples of where this bill would cause a significant concern are:

- We currently provide title services for our customers and submit them in batch groups to help with the efficiency at the county offices. This bill would not allow batch title processing and would require individual transactions between the owner and the buyer.
- Insurers would be required to meet at the county offices for each settlement of a total loss claim. With virtual and out of state settlements this is not a realistic expectation for the insurance consumer.
- All sellers would be required to meet with the buyers of their units in the county offices to transfer titles upon the sale of the unit. A large amount of the sellers are located out of state.
- Due to the significant volume of units sold through our locations, the practicality of the title processing being completed one at a time at the county offices is not realistic and would lead to delays.
- We do have concerns with this type of face-to-face transaction during the COVID pandemic and are concerned that this would create unnecessary risks for our customers and buyers.

We would not oppose this bill if exceptions were made to this bill that would provide an exemption for (1) vehicles transferred by licensed dealers or auctions as defined in HRS 437-1.1 and (2) vehicles transferred as salvage vehicles pursuant to section 286-48. We have included a copy of our proposed amendments.

Thank you for your time and for the opportunity to testify in opposition to Senate Bill 432 as it is currently written. We hope to be able to work with this Committee to amend the bill to address our concerns.

I am available for any questions that you may have on this bill or Copart's operations.

SB 432 – Relating to Registration of Vehicles

Proposed Amendments

SECTION 1. Section 286-52, Hawaii Revised Statutes, is amended to read as follows:

"§286-52 Procedure when title of vehicle transferred; delivery of certificate mandatory. (a) ~~Upon a transfer of~~ When transferring the title or interest of a legal owner in or to a vehicle registered under this part, the person whose title or interest is to be transferred and the transferee shall write their signatures with pen and ink upon the certificate of ownership issued for the vehicle, together with the address of the transferee in the appropriate space provided upon the certificate~~[-], and shall both~~ appear in person before a clerk at the respective county department of motor vehicles to execute such transfer. If the transferor is not available to appear in person the transferor shall complete the certificate of ownership, together with the notice of transfer, and sign the certificate of ownership before a notary in any state of the United States. The transferor shall then select a representative to appear on the transferor's behalf. The transferee and the transferor's representative shall both appear in person and present the notarized document at the respective county department of motor vehicles when transferring such title to the transferee. The transferee shall provide proof of identification when executing the transfer. **The requirement to appear in person with the transferee shall not apply to:**

- (1) Vehicles transferred by licensed dealers or auctions as defined in HRS 437-1.1; or**
- (2) Vehicles transferred as salvage vehicles pursuant to section 286-48.**

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GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: February 10, 2021

TO: Senator Chris Lee
Chair, Committee on Transportation

FROM: Matthew Tsujimura

RE: **S.B. 432, Relating to Registration of Vehicles**
Hearing Date: Thursday, February 11, 2021 at 3:00 p.m.
Conference Room: 224

Dear Chair Lee, Vice Chair Inouye, and members of the Senate Committee on Transportation:

We submit this testimony on behalf of Enterprise Holdings, which includes Enterprise Rent-A-Car, Alamo Rent-A-Car, National Car Rental, and Enterprise Commute (Van Pool).

Enterprise **submits comments** regarding S.B. 432 Relating to Registration of Vehicles, which requires a motor vehicle transferor, or the transferor's representative, and transferee to appear in person to execute the transfer of a motor vehicle.

Enterprise routinely sells motor vehicles to a variety of different entities when the vehicles reach the end of their rental life cycle. As a seller of these vehicles, Enterprise holds a motor vehicle dealer's license. These vehicles are sold to a variety of in-state and out-of-state sources. Due to the volume of these transactions, it would be impractical to require rental car companies as transferors and in-state or out-of-state transferees to appear in person to execute the transfer of the vehicles.

The system that is presently being used has not created any issues and should not be modified. **For the above reasons, we respectfully request that this bill be amended to exempt transactions involving licensed motor vehicle dealers.**

Thank you for the opportunity to submit testimony on this bill.

**TESTIMONY OF ROBERT TOYOFUKU ON BEHALF OF INSURANCE AUTO
AUCTIONS, INC. (IAA) IN OPPOSITION TO SB 432**

February 11, 2021

To: Chairman Chris Lee and Members of the Senate Committee on Transportation:

My name is Bob Toyofuku and I am presenting this testimony on behalf of the Insurance Auto Auctions, Inc. (“IAA”) in OPPOSITION to SB 432, Relating to Registration of Vehicles.

Insurance Auto Auctions (“IAA”) is a salvage auction company that handles the sale of damaged and theft-recovered vehicles for the insurance industry. They have one location in the State of Hawaii in Kapolei, Oahu.

Automobile insurers process thousands of total loss claims in Hawaii each year. For the vast majority of these claims, after the total loss settlement is paid to the vehicle owner and any lienholder, the certificate of title for the vehicle is available to the insurer and the further titling of the vehicle can be handled in accordance with Hawaii statutes.

Insurance Auto Auctions (“IAA”) opposes Senate Bill 432 because the bill provides that, for many motor vehicle transfers, the transferor and transferee are to appear in person before a clerk at the “respective” county Department of Motor Vehicles to execute the transfer. The bill further provides that, if the transferor is not available to appear in person, the transferor shall sign the certificate of ownership before a notary public and then the transferee and “the transferor’s representative” shall both appear in person at the county Department of Motor Vehicles. IAA feels that this is an unworkable and impractical proposal.

Many motor vehicle transfers involve large commercial enterprises and, as recognized by federal regulations, these transfers often take place over a period of time. It appears that this bill will further no legitimate purpose and will be a burden to these transactions as proposed in this bill.

While the bill in subsection (c) attempts to exclude certain transfers from the requirements of subsection (a), the exclusion is not broad enough. For example, when a rental car company sells one of its fleet vehicles to a consumer, it is impractical to require the rental car company and the consumer to appear together before the county Department of Motor Vehicles.

IAA is also concerned with the proposed deletions of current subsections (j) and (k). For transfers that should not be required to take place before the county Department of Motor Vehicles, the notice of transfer requirement of subsection (j) should remain, as should the relief of liability of subsection (k).

For the above reasons, IAA opposes Senate Bill 432. If, however, the committee decides to advance this bill, IAA requests the following amendment at the end of proposed section 286-52:

“The requirement of subsections (a) and (b) to appear in person before a clerk at the department of motor vehicles shall not apply when (1) the transferor or transferee is an insurance company, a financial institution, a motor vehicle rental company, a tax exempt organization pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or a licensed dealer whose primary business is the auction of insurance salvage vehicles, (2) the transaction takes place through a licensed dealer whose primary business is the auction of insurance salvage vehicles, or (3) the vehicle is a salvage vehicle.”

Thank you for the opportunity to submit this testimony on behalf of IAA.



To: The Honorable Chris Lee, Chair
The Honorable Lorraine R. Inouye, Vice Chair
Senate Committee on Transportation

From: Mark Sektnan, Vice President

Re: **SB 432—Relating to Registration of Vehicles**
APCIA POSITION: OPPOSE AND REQUEST AMENDMENTS

Date: Thursday, February 11, 2021
3:00 p.m., Conference Room 224

Aloha Chair Lee, Vice Chair Inouye, and Members of the Committee:

The American Property Casualty Insurance Association of America (APCIA) is **opposed** to SB 432, which would require the parties to appear in person to execute the transfer of a motor vehicle. Representing nearly 60 percent of the U.S. property casualty insurance market, the American Property Casualty Insurance Association (APCIA) promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe.

APCIA opposes SB 432 for several reasons. Auto insurers are one of the largest purchasers of automobiles in the country. Our members end up purchasing vehicles when their policyholders are involved in a total loss claim, which occurs when damage to a vehicle is greater than the value of the vehicle. When that happens, insurers take ownership of the vehicle for the purposes of disposing them as salvage. As part of this process, insurers must apply for a certificate of title.

Under SB 432 auto insurers would now need to appear in-person to execute the transfer. Given the volume of title applications insurers make, this would significantly slow down the process for them. As a result, it has the potential of delaying total loss payouts to claimants. It is also contrary to what many other states are doing, which is modernizing their laws to allow title transactions to be conducted entirely online.

For these reasons, APCIA respectfully asks the committee to **amend to exempt insurance companies from the provisions of** this bill in committee.