
A BILL FOR AN ACT

RELATING TO PROPERTY FORFEITURE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Hawai'i's civil asset
2 forfeiture process allows law enforcement agencies to seize and
3 keep property based on suspicion that the property is connected
4 to criminal activity. Property, such as vehicles, houses, cash,
5 and jewelry, can be taken without the property owner having been
6 convicted of a crime or even being formally accused of one, and
7 the burden of proof to recover the seized property is shifted
8 from the State to the property owner.

9 The legislature also finds that there is a potential
10 incentive to improperly seize property for forfeiture, as state
11 and county law enforcement agencies are permitted to retain all
12 proceeds from the sale of the forfeited property. According to
13 the Institute for Justice, a nonprofit civil liberties law firm,
14 between 2001 and 2018, Hawai'i generated at least \$20,000,000 in
15 forfeiture revenue under state law and an additional \$29,000,000
16 under the federal equitable sharing program where state or local
17 law enforcement agencies partner with federal agencies and share



1 in the proceeds. The estimated value of property seized by
2 Hawai'i law enforcement agencies was \$1,050,463 in fiscal year
3 2018-2019, \$963,055 in fiscal year 2019-2020, and \$483,506 in
4 fiscal year 2020-2021.

5 The legislature further finds that the Institute for
6 Justice recommends abolishing civil forfeiture entirely, which
7 four states have already done: Maine in 2021, Nebraska in 2016,
8 New Mexico in 2015, and North Carolina in 1985. In those four
9 states a criminal conviction is required prior to someone's
10 assets being seized. The legislature takes note of the
11 Institute of Justice's "D-" (D minus) rating of Hawai'i's civil
12 forfeiture laws and the characterization that the State's laws
13 "are among the nation's worst".

14 Furthermore, the legislature finds that the Institute for
15 Justice recommends other reforms to make the forfeiture process
16 just, beginning with eliminating potential financial incentives
17 to seize and keep forfeited property and instead changing the
18 law to direct any proceeds to the general revenue fund or other
19 neutral fund. Currently, eight jurisdictions prohibit law
20 enforcement from keeping the proceeds from forfeited property,
21 and eight prevent participation in the federal equitable sharing



1 program. Another suggested reform is to adopt a high standard
2 of proof to establish a civil asset forfeiture, such as "beyond
3 a reasonable doubt". Eighteen jurisdictions have a standard
4 higher than Hawai'i's "preponderance of the evidence" standard,
5 and for ten of those jurisdictions, it is equivalent to beyond a
6 reasonable doubt. The third suggested reform, that a number of
7 jurisdictions have already enacted, involves requiring law
8 enforcement to prove that owners consented to or possessed
9 knowledge of the crime that led to the seizure of their
10 property, restoring the presumption of innocence used in
11 criminal proceedings. The legislature finds that none of these
12 recommendations have been implemented in Hawai'i.

13 Accordingly, the purpose of this Act is to make the State's
14 civil asset forfeiture process more just by:

- 15 (1) Restricting civil asset forfeiture to cases involving
16 the commission of a felony offense where the property
17 owner has been convicted of an underlying felony
18 offense;
- 19 (2) Directing any forfeiture proceeds to the general fund;
- 20 (3) Amending the allowable expenses for moneys in the
21 criminal forfeiture fund;



- 1 (4) Requiring the attorney general to adopt rules
2 necessary to carry out the purposes of the Hawai'i
3 omnibus criminal forfeiture act; and
- 4 (5) Amending the deadline for the attorney general to
5 report to the legislature on the use of the Hawai'i
6 omnibus criminal forfeiture act.

7 SECTION 2. Chapter 712A, Hawaii Revised Statutes, is
8 amended by adding two new sections to be appropriately
9 designated and to read as follows:

10 "§712A- Equitable sharing program; restrictions.
11 Notwithstanding the provisions of section 712A-7, a seizing
12 agency or prosecuting attorney shall not enter into an agreement
13 to transfer or refer property seized under section 712A-6,
14 unless the seized property includes United States currency in
15 excess of \$100,000, to a federal agency directly, indirectly,
16 through adoption, through an intergovernmental joint task force,
17 or by other means that circumvent the provisions of this
18 section.

19 §712A- Records of forfeited property. (1) Each seizing
20 agency and prosecuting attorney shall maintain records showing:



1 (a) The authority under which the forfeited property was
2 forfeited;

3 (b) The date on which each item of forfeited property was
4 forfeited;

5 (c) The department or agency that has possession of the
6 forfeited property;

7 (d) A description of each item of forfeited property; and

8 (e) The estimated value of each item of forfeited
9 property.

10 (2) The seizing agency shall maintain all records of
11 forfeited property and shall make the records open to
12 inspection. The seizing agency shall post the records on a
13 publicly accessible website."

14 SECTION 3. Section 712A-5, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "**§712A-5 Property subject to forfeiture; exemption.** (1)

17 The following is subject to forfeiture:

18 (a) Property described in a statute authorizing
19 forfeiture;

20 (b) Property used or intended for use in the commission
21 of, attempt to commit, or conspiracy to commit a



- 1 covered offense, or [~~which~~] that facilitated or
2 assisted [~~such~~] the activity;
- 3 (c) Any firearm [~~which~~] that is subject to forfeiture
4 under any other subsection of this section or [~~which~~]
5 is carried during, visible, or used in furtherance of
6 the commission, attempt to commit, or conspiracy to
7 commit a covered offense, or any firearm found in
8 proximity to contraband or to instrumentalities of an
9 offense;
- 10 (d) Contraband or untaxed cigarettes in violation of
11 chapter 245, shall be seized and summarily forfeited
12 to the State without regard to the procedures set
13 forth in this chapter;
- 14 (e) Any proceeds or other property acquired, maintained,
15 or produced by means of or as a result of the
16 commission of the covered offense;
- 17 (f) Any property derived from any proceeds [~~which~~] that
18 were obtained directly or indirectly from the
19 commission of a covered offense;
- 20 (g) Any interest in, security of, claim against, or
21 property or contractual right of any kind affording a



1 source of influence over any enterprise [~~which~~] that
2 has been established, participated in, operated,
3 controlled, or conducted in order to commit a covered
4 offense; and

5 (h) All books, records, bank statements, accounting
6 records, microfilms, tapes, computer data, or other
7 data [~~which~~] that are used, intended for use, or
8 [~~which~~] that facilitated or assisted in the commission
9 of a covered offense, or [~~which~~] that document the use
10 of the proceeds of a covered offense.

11 ~~[(2) Except that:~~

12 ~~(a) Real property, or an interest therein, may be~~
13 ~~forfeited under the provisions of this chapter only in~~
14 ~~cases in which the covered offense is chargeable as a~~
15 ~~felony offense under state law;]~~

16 (2) The following is not subject to forfeiture; provided
17 that nothing in this subsection shall be construed to prevent
18 the seizure of property before conviction pursuant to section
19 712A-6:

20 ~~[(b)]~~ (a) No property shall be forfeited under this chapter
21 ~~[to the extent of an interest of an owner,]~~ by reason



1 of ~~[any act or omission established by that owner to~~
2 ~~have been committed or omitted without the knowledge~~
3 ~~and consent of that owner,]~~ the commission of any
4 covered offense unless:

5 (i) The covered offense is chargeable as a felony
6 offense under state law; and

7 (ii) The owner has been convicted of the covered
8 offense by a verdict or plea, including a no
9 contest plea or a deferred acceptance of guilty
10 plea or no contest plea, all appeals have been
11 exhausted, and all deadlines to appeal have
12 expired;

13 (b) No property shall be forfeited under this chapter by
14 reason of any act or omission established by the owner
15 to have been committed or omitted without the
16 knowledge and consent of the owner;

17 (c) No conveyance used by any person as a common carrier
18 in the transaction of a business as a common carrier
19 is subject to forfeiture under this section unless it
20 appears that the owner or other person in charge of



1 the conveyance is a consenting party or privy to a
2 violation of this chapter;

3 (d) No conveyance is subject to forfeiture under this
4 section by reason of any act or omission established
5 by the owner thereof to have been committed or omitted
6 without the owner's knowledge or consent; and

7 (e) A forfeiture of a conveyance encumbered by a bona fide
8 security interest is subject to the interest of the
9 secured party if the secured party neither had
10 knowledge of nor consented to the act or omission.

11 (3) This chapter shall not apply to the forfeiture of an
12 animal prior to disposition of criminal charges pursuant to
13 section 711-1109.2.

14 (4) This section shall not prohibit or restrict
15 forfeitures authorized by law other than this chapter."

16 SECTION 4. Section 712A-16, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "§712A-16 **Disposition of property forfeited.** (1) All
19 property forfeited to the State under this chapter shall be
20 transferred to the attorney general, who:



1 ~~[(a) May transfer property, other than currency, which~~
2 ~~shall be distributed in accordance with subsection (2)~~
3 ~~to any local or state government entity, municipality,~~
4 ~~or law enforcement agency within the State;~~

5 ~~(b)]~~ (a) May sell forfeited property to the public by
6 public sale; provided that for leasehold real
7 property:

8 (i) The attorney general shall first offer the holder
9 of the immediate reversionary interest the right
10 to acquire the leasehold interest and any
11 improvements built or paid for by the lessee for
12 the then fair market value of the leasehold
13 interest and improvements. The holder of the
14 immediate reversionary interest shall have thirty
15 days after receiving written notice within which
16 to accept or reject the offer in writing;
17 provided that the offer shall be deemed to be
18 rejected if the holder of the immediate
19 reversionary interest has not communicated
20 acceptance to the attorney general within the
21 thirty-day period. The holder of the immediate



1 reversionary interest shall have thirty days
2 after acceptance to tender to the attorney
3 general the purchase price for the leasehold
4 interest and any improvements, upon which tender
5 the leasehold interest and improvements shall be
6 conveyed to the holder of the immediate
7 reversionary interest ~~[-]~~;

8 (ii) If the holder of the immediate reversionary
9 interest fails to exercise the right of first
10 refusal provided in subparagraph (i), the
11 attorney general may proceed to sell the
12 leasehold interest and any improvements by public
13 sale ~~[-]~~; and

14 (iii) Any dispute between the attorney general and the
15 holder of the immediate reversionary interest as
16 to the fair market value of the leasehold
17 interest and improvements shall be settled by
18 arbitration pursuant to chapter 658A;

19 ~~[-e-]~~ (b) May sell or destroy all raw materials, products,
20 and equipment of any kind used or intended for use in
21 manufacturing, compounding, or processing a controlled



1 substance or any untaxed cigarettes in violation of
2 chapter 245;

3 ~~[(d)]~~ (c) May compromise and pay valid claims against
4 property forfeited pursuant to this chapter; or

5 ~~[(e)]~~ (d) May make any other disposition of forfeited
6 property authorized by law.

7 (2) All forfeited property and the sale proceeds thereof,
8 ~~[up to a maximum of three million dollars per year, not~~
9 ~~previously transferred pursuant to [subsection] (1)(a) of this~~
10 ~~section, shall,]~~ after payment of expenses of administration and
11 sale, ~~[be distributed as follows:~~

12 ~~(a) One quarter shall be distributed to the unit or units~~
13 ~~of state or local government [whose] officers or~~
14 ~~employees conducted the investigation and caused the~~
15 ~~arrest of the person whose property was forfeited or~~
16 ~~seizure of the property for forfeiture;~~

17 ~~(b) One quarter shall be distributed to the prosecuting~~
18 ~~attorney who instituted the action producing the~~
19 ~~forfeiture; and~~

20 ~~(c) One half shall be deposited into the criminal~~
21 ~~forfeiture fund established by this chapter.~~



1 ~~(3) Property and money distributed to units of state and~~
2 ~~local government shall be used for law enforcement purposes, and~~
3 ~~shall complement but not supplant the funds regularly~~
4 ~~appropriated for such purposes.]~~ including reimbursement for any
5 costs incurred by the department of the attorney general related
6 to the seizure or storage of seized property, shall be deposited
7 to the credit of the state general fund.

8 ~~[(4)]~~ (3) There is established in the department of the
9 attorney general a special fund to be known as the criminal
10 forfeiture fund, hereinafter referred to as the "fund" ~~[in]~~,
11 into which shall be deposited ~~[one half of the proceeds of a~~
12 ~~forfeiture and any penalties paid pursuant to section 712A-~~
13 ~~10(6)-.]~~ a portion of the proceeds of each sale made pursuant to
14 this section that is sufficient to cover expenses of
15 administration and sale. All moneys in the fund shall be
16 expended by the attorney general and are hereby appropriated for
17 the ~~[following purposes:~~

18 ~~(a) The]~~ payment of any expenses necessary to seize,
19 detain, appraise, inventory, safeguard, maintain,
20 advertise, or sell property seized, detained, or
21 forfeited pursuant to this chapter or of any other



1 necessary expenses incident to the seizure, detention,
2 or forfeiture of [such] property and [such] contract
3 services and payments to reimburse any federal, state,
4 or county agency for any expenditures made to perform
5 the foregoing functions[+].

6 ~~[(b) The payment of awards for information or assistance
7 leading to a civil or criminal proceeding;~~

8 ~~[(c) The payment of supplemental sums to state and county
9 agencies for law enforcement purposes;~~

10 ~~[(d) The payment of expenses arising in connection with
11 programs for training and education of law enforcement
12 officers; and~~

13 ~~[(e) The payment of expenses arising in connection with
14 enforcement pursuant to the drug nuisance abatement
15 unit in the department of the attorney general.~~

16 ~~[(5)]~~ (4) The attorney general ~~[may, without regard to the
17 requirements of chapter 91, promulgate]~~ shall adopt rules ~~[and
18 regulations]~~ necessary to carry out the purpose of this chapter,
19 including rules concerning the disposition of property, the use
20 of the fund, and compromising and paying valid claims against
21 property forfeited ~~[pursuant to this chapter].~~



1 [~~6~~] (5) Not less than [~~twenty~~] forty days [~~prior to~~
2 before the convening of each regular session, the attorney
3 general shall provide to the legislature a report on the use of
4 the Hawaii omnibus criminal forfeiture act during the fiscal
5 year preceding the legislative session. The report shall
6 include:

- 7 (a) The total amount and type of property seized by law
8 enforcement agencies;
- 9 (b) The total number of administrative and judicial
10 actions filed by prosecuting attorneys and the
11 disposition thereof [~~7~~] for each action;
- 12 (c) The total number of claims or petitions for remission
13 or mitigation filed in administrative actions and the
14 dispositions thereof [~~7~~] for each action;
- 15 (d) The total amount and type of property forfeited and
16 the sale proceeds thereof;
- 17 (e) The total amount and type of property distributed to
18 units of state and local government;
- 19 (f) The amount of money deposited into the [~~criminal~~
20 forfeiture] fund; [~~and~~]



1 (g) The amount of money deposited into the general fund;
2 and
3 [~~(g)~~] (h) The amount of money expended by the attorney
4 general from the criminal forfeiture fund under
5 subsection [~~(5)~~] (4) and the reason for the
6 expenditures."

7 SECTION 5. Section 712A-19, Hawaii Revised Statutes, is
8 repealed.

9 [~~"[§712A-19] Construction. It is the intent of the~~
10 ~~legislature that this chapter be liberally construed so as to~~
11 ~~effect the purposes of this chapter."~~]

12 SECTION 6. This Act does not affect rights and duties that
13 matured, penalties that were incurred, and proceedings that were
14 begun before its effective date.

15 SECTION 7. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 8. This Act shall take effect upon its approval.



Report Title:

Civil Asset Forfeiture; Property Forfeiture

Description:

Restricts civil asset forfeiture to cases involving the commission of a felony offense where the property owner has been convicted of an underlying felony offense. Directs forfeiture proceeds to the general fund. Amends the allowable expenses for moneys in the Criminal Forfeiture Fund. Requires the Attorney General to adopt rules necessary to carry out the purpose of the Hawaii Omnibus Criminal Forfeiture Act. Amends the deadline for the Attorney General to report to the Legislature on the use of the Hawaii Omnibus Criminal Forfeiture Act. Limits the transfer of certain forfeiture property to federal agencies. Establishes records requirements. (SD1)

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