

Honolulu, Hawaii

March 19, 2010

RE: S.B. No. 2863  
S.D. 2  
H.D. 2

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 2863, S.D. 2, H.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 bill is to expand the ability of state and county agencies to pursue reimbursement of outstanding motor vehicle debts by:

- (1) Allowing the county Director of Finance to record the notice of judgments as an encumbrance payable to a county on any registered motor vehicle;
- (2) Requiring the county Director of Finance to establish the payment of judgments payable to the State or county as a condition precedent to the vehicle's renewal, registration, or transfer of ownership;
- (3) Prohibiting the State, county, or any political subdivision from being charged a fee for any entry made in the tax lien and encumbrance record; and
- (4) In section 3, providing, for a period of eighteen months from the passage of this bill, the State and the counties with the absolute power to settle and discharge



any and all judgments, claims, liens and encumbrances for an amount not less than what the debtor would have paid had timely payment been made prior to such judgment, claim, lien, or encumbrance.

The Judiciary testified in opposition to House Draft 1 and, particularly, section 3 of the bill. The Department of Customer Services of the City and County of Honolulu provided comments. The Department of the Attorney General and a concerned individual testified in support.

Your Committee has amended this bill by changing the effective date to December 21, 2058.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2863, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as S.B. No. 2863, S.D. 2, H.D. 2.

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

  
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JON RIKI KARAMATSU, Chair



