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# A BILL FOR AN ACT

RELATING TO THE TAX LIEN AND ENCUMBRANCE RECORD.

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

1           SECTION 1. The legislature finds that there is a need to  
2 expand the ability of state and county agencies to pursue  
3 reimbursement of outstanding debts since many debtors ignore  
4 payment obligations and recovery efforts by state and county  
5 agencies. The legislature also finds that encumbrances on real  
6 property and motor vehicles are an effective mechanism to  
7 increase the likelihood of recovering outstanding debts.

8           Currently, agencies may record liens or claims with the  
9 director of finance of each county, but are required to pay a  
10 statutory fee that is deposited into the general fund. The  
11 legislature finds that the fee is hindering some agencies from  
12 utilizing the tax lien and encumbrance record to assist in  
13 recovery of outstanding debts owed to the agency.

14           The purpose of this Act is to:

15           (1) Clarify that judgments are also valid claims for  
16           purposes of encumbrances recorded in the tax lien and  
17           encumbrance record; and



1           (2) Clarify that state and county agencies are not  
2           required to pay a fee for the recording of an entry in  
3           the tax lien and encumbrance record.

4           SECTION 2. Section 286-46, Hawaii Revised Statutes, is  
5 amended to read as follows:

6           **"§286-46 Tax lien and encumbrance record.** (a) The  
7 director of finance shall keep a book or record to be known as  
8 the "tax lien and encumbrance record" in which the following  
9 information shall be entered:

10           (1) Notices of liens for internal revenue taxes payable to  
11           the United States and certificates of release thereof;

12           (2) Notices of liens [~~or~~], taxes, or judgments payable to  
13           the State or county and certificates of release  
14           thereof;

15           (3) Notices of seizure in accordance with law of any  
16           registered motor vehicle upon any writ of attachment,  
17           execution, or other process issued under authority of  
18           law;

19           (4) Notices of restraining order or other order affecting  
20           the registration of any registered motor vehicle;



1 (5) Notice of any proceeding or action affecting the title  
2 of a registered motor vehicle or the interest of the  
3 owner or legal owner thereof; and

4 (6) Notice of release of any of the foregoing.

5 (b) With the exception of delinquent taxes and penalties  
6 imposed by section 249-10, the record shall show the year,  
7 month, day, hour, and minute at which the notice has been filed  
8 with the director of finance, shall show the nature and kind of  
9 lien or encumbrance claimed, the amount of tax or other claim,  
10 with interest, penalties, and costs, and shall identify the  
11 registered motor vehicles affected by the lien or encumbrance,  
12 and shall contain such further information as the director of  
13 finance may require. The record shall be a public record and  
14 may be arranged in such manner as the director of finance  
15 determines.

16 The interest of the owner or the legal owner in the motor  
17 vehicle shall not be deemed to be affected until the notice  
18 referred to in subsection (a)(1) to (5) has been filed with the  
19 director of finance in such form as the director of finance  
20 shall prescribe for entry in the tax lien and encumbrance  
21 record; provided the director of finance may require the payment  
22 of delinquent taxes and penalties as a condition precedent to



1 the vehicle's renewal, registration, or transfer of ownership.  
2 The director of finance shall charge a fee of \$5 for each entry  
3 made in the tax lien and encumbrance record, which shall be  
4 deposited in the general fund[-]; provided that state and county  
5 agencies shall not be charged a fee for any entry made in the  
6 tax lien and encumbrance record.

7 Nothing in this section shall be deemed to alter or amend  
8 any statute relating to tax liens or the enforcement thereof."

9 SECTION 3. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 4. This Act shall take effect on July 1, 2012.

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INTRODUCED BY:





# S.B. NO. 2224

**Report Title:**

Tax Lien and Encumbrance Record

**Description:**

Allows 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. Exempts state and county agencies from paying the tax lien and encumbrance record statutory fee.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

