

JAN 23 2025

A BILL FOR AN ACT

RELATING TO VEHICLE TITLE TRANSFERS.

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

1 SECTION 1. The legislature finds that when an automobile
2 transfer is made in the State and title is transferred from an
3 owner to a buyer, the transfer is not considered complete until
4 the county receives certain documentation from the vehicle's new
5 owner, the transferee. Until that occurs, the vehicle remains
6 legally registered to the original owner, the transferor. As a
7 result, the transferor may be liable for parking tickets,
8 traffic infractions, and other civil or criminal liabilities
9 even though the transferor no longer retains possession of the
10 vehicle. Meanwhile, the transferee will not be held legally or
11 financially responsible for violations arising out of the
12 transferee's operation of the vehicle. This situation is unfair
13 and frustrating for transferors, and ripe for abuse and
14 exploitation by transferees. Years' worth of news reports,
15 including a July 2024 article in the Honolulu Star-Advertiser,
16 demonstrate that this problem continually plagues motorists.



1 The legislation further finds that the State's vehicle
2 title transfer law already includes language establishing that
3 when a transferor complies with the portions of the statute
4 applying to transferors, the transferor is released from
5 liability arising out of the operation of the transferred motor
6 vehicle. Despite this provision, transferors continue to incur
7 liability. Other states, such as Texas, have addressed this
8 issue by inserting statutory language that clarifies the steps a
9 transferor can take to avoid such liability.

10 Accordingly, the purpose of this Act is to clarify that a
11 transferor who complies with the portions of the statute
12 requiring action on the transferor's part shall not be liable
13 for any violation resulting from the operation of a transferred
14 vehicle, even though the transferor remains the legal and
15 registered owner of the vehicle, and that a copy of the
16 transferor's notice of transfer form shall serve as a complete
17 defense to any such liability.

18 SECTION 2. Section 286-52, Hawaii Revised Statutes, is
19 amended by amending subsection (k) to read as follows:

20 "(k) ~~[Whenever]~~ Except as provided in this section and as
21 between the parties, a transfer by a registered owner is not



1 effective until the provisions of this section have been
2 complied with; provided that whenever the registered owner of
3 any motor vehicle or any licensed dealer has given notice to the
4 director of finance of a transfer of the title or interest in
5 the motor vehicle, as provided in subsection (i) or (j), and has
6 delivered the certificate of ownership bearing the transferor's
7 signature to the transferee as required by subsection (a), the
8 transferor shall be relieved from any liability, civil or
9 criminal, from the date the transferor delivers the motor
10 vehicle into the transferee's possession, which the transferor
11 might otherwise subsequently incur by reason solely of being the
12 registered owner of the vehicle. Proof by the transferor that
13 the transferor has filed the notice form described in subsection
14 (i) or (j) shall serve as a complete defense to any action
15 brought against the transferor for an act or omission, civil or
16 criminal, arising out of the use, operation, or abandonment of
17 the vehicle by another person after the transferor's filing of
18 the form; provided that a copy of the form shall serve as proof
19 of the filing of the form. A transferor who submits false or
20 fraudulent information to complete the provisions of this



1 section requiring action by the transferor shall be subject to
2 the penalties described in subsection (a)."

3 SECTION 3. By July 1, 2025, the courts shall create new
4 forms permitting transferors to respond to actions arising out
5 of the use, operation, or abandonment of transferred vehicles by
6 submitting proof of a filed notice form, and shall develop
7 relevant instructions. The judiciary shall take additional
8 measures to assist transferors as necessary to facilitate the
9 appropriate dismissal of those actions.

10 SECTION 4. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:





S.B. NO. 1522

Report Title:

Vehicle Title Transfers; Liability; Motor Vehicles

Description:

Clarifies that a transferor shall not be liable for any violation resulting from the operation of a transferred vehicle if the transferor complies with the portions of the statute requiring action on the transferor's part.

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