

JAN 21 2026

A BILL FOR AN ACT

RELATING TO VEHICLE TITLES.

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

1 SECTION 1. The legislature finds that motor vehicle
2 ownership and title transfers in the State are governed by
3 statutory requirements intended to ensure clear chains of
4 ownership, protect the public, and safeguard personal privacy.
5 However, motor vehicles are sometimes sold, gifted, donated, or
6 otherwise transferred by individuals who are not the last
7 registered owner of record and who, for various reasons, did not
8 obtain or retain a valid certificate of title. In these
9 circumstances, the absence of a valid certificate of title or
10 the inability to locate or obtain a release from a prior
11 registered owner may prevent a good-faith transferee from
12 registering the vehicle, transferring title, or otherwise
13 complying with the law, even when the vehicle is not stolen,
14 subject to a lien, and has been in open and continuous
15 possession.

16 The legislature further finds that while existing privacy
17 protections appropriately limit the disclosure of personal



1 information maintained by county motor vehicle agencies, these
2 protections may unintentionally create situations in which a
3 person seeking to comply with title and registration
4 requirements has no reasonable administrative remedy and results
5 in significant hardship, including the inability to lawfully
6 register or insure a vehicle, transfer ownership, or resolve
7 claims related to loss or damage, despite the transferee's
8 willingness to pay applicable taxes, fees, and penalties.

9 The legislature further finds that numerous other states
10 have established statutory surety bond mechanisms that allow a
11 person in possession of a motor vehicle, under specified
12 conditions and safeguards, to obtain a certificate of title when
13 standard documentation is unavailable, while preserving the
14 rights of prior owners, lienholders, and the State.

15 The legislature additionally finds that it was not the
16 legislature's intent for motor vehicle title and registration
17 laws to operate in a manner that makes compliance impossible for
18 good-faith transferees, nor to create unintended barriers that
19 frustrate equitable outcomes or discourage compliance with the
20 law.

21 Accordingly, the purpose of this Act is to:



- 1 (1) Require the county director of finance to issue a
- 2 temporary, three-year title to an applicant in cases
- 3 where no prior title exists, the prior owner is unable
- 4 to provide one, or the director is otherwise not
- 5 satisfied as to the ownership of the vehicle;
- 6 (2) Require the applicant to provide a surety bond and
- 7 certain documentation to the director;
- 8 (3) Allow for a right of action against the surety bond
- 9 and temporary title; and
- 10 (4) Require the temporary title to convert to a full title
- 11 after three years unless a suit has been instituted
- 12 against the temporary title.

13 SECTION 2. Chapter 286, Hawaii Revised Statutes, is
14 amended by adding a new section to part III to be appropriately
15 designated and to read as follows:

16 "§286- Procedure to obtain temporary title; possession
17 of vehicle without title. (a) In the event a person is in
18 possession of a vehicle where no prior title exists, the prior
19 owner is unable to provide one, or the director of finance is
20 otherwise not satisfied as to the ownership of the vehicle, the
21 person may apply for a temporary title from the director of

1 finance. The applicant shall provide to the director of
2 finance:

3 (1) An affidavit of ownership;
4 (2) A bill of sale or gift affidavit;
5 (3) A vehicle identification number inspection or other
6 verification from the appropriate county police
7 department confirming that the vehicle is not reported
8 stolen; and
9 (4) A bond in a form as may be determined by the director
10 of finance in an amount equal to twice the retail
11 value of the vehicle.

12 Upon receipt and verification of the items listed in
13 paragraphs (1) through (4), the director of finance shall
14 provide to the applicant a temporary title for the vehicle that
15 shall be valid for three years.

16 (b) The bond required pursuant to subsection (a) (4) and
17 the deposit thereof shall be conditioned to protect the director
18 of finance and any subsequent purchaser of the vehicle or person
19 acquiring any lien thereon or the successor in interest of any
20 person against any loss or damage on account of any defect in or
21 undisclosed encumbrance upon the right, title, and interest of

1 the applicant in and to the vehicle. Any interested person
2 shall have a right of action to recover on any bond for any
3 breach of the conditions for which the same was deposited. The
4 aggregate liability of the surety to all persons shall in no
5 event exceed the amount of the bond and interest thereon, plus
6 reasonable attorneys' fees to be allowed by the court incurred
7 to procure the recovery under the bond. The bond shall (unless
8 suit has been instituted thereon) be returned and surrendered at
9 the end of three years, and the director of finance shall issue
10 the applicant a full title to the vehicle."

11 SECTION 3. New statutory material is underscored.

12 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

DKr



S.B. NO. 2079

Report Title:

Vehicle Title; Surety Bond; Director of Finance; Ownership

Description:

Requires the county Director of Finance to issue a temporary, three-year title to an applicant in cases where no prior title exists, the prior owner is unable to provide one, or the Director is otherwise not satisfied as to the ownership of the vehicle. Requires the applicant to provide a surety bond and certain documentation to the Director. Allows for a right of action against the surety bond and temporary title. Requires the temporary title to convert to a full title after three years unless a suit has been instituted against the temporary title.

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

