

**ACT 255**

H.B. NO. 1768

A Bill for an Act Relating to Vehicle Registration.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. In July of 2001, Hawaii county stopped registering motorcycles constructed on “after market” or custom frames because they were stamped with a frame identification number and not the federal vehicle identification number (federal VIN). The result was that hundreds of custom motorcycles, many representing an investment ranging from about \$25,000 to more than \$50,000, could no longer be driven legally on roadways, and Big Island custom motorcycle assemblers and dealers could no longer sell their products or continue to pay their employees.

This problem occurred when the new Hawaii county administration attempted to comply with a 1994 department of transportation (DOT) memo that interpreted the ambiguous term “vehicle identification number” in section 286-45, Hawaii Revised Statutes, as requiring vehicles to have a federal VIN before they could be registered.

However, section 286-45, Hawaii Revised Statutes, does not require a federal VIN for custom vehicles assembled on after market frames. Instead, there is a gap in the law with regard to these reconstructed vehicles.

Enacted in 1969, section 286-45, Hawaii Revised Statutes, was intended to prevent thefts. It allowed the counties to use manufacturer vehicle identification numbers in place of motor numbers when filing vehicle registration records. This provided for uniformity between state and national vehicle identification records, which use the federal VIN.

The federal VIN is used to identify a vehicle assembled by a licensed manufacturer and does not apply to custom vehicles constructed on after market frames, which in many cases are not constructed by licensed manufacturers. Federal law does not specify a particular method of identifying custom vehicles and has left their identification to the states. However, in enacting section 286-45, Hawaii Revised Statutes, the 1969 legislature did not consider or provide a method for identifying these custom vehicles.

For years, Hawaii county has bridged this gap in the law in a reasonable manner, by interpreting the term "vehicle identification number" to allow custom motorcycles to be identified and registered according to the manufacturer part numbers stamped on the frame to comply with federal motor vehicle part recall law. This serves the anti-theft purposes of Hawaii's registration law by allowing custom motorcycles to be identified with a unique, permanently affixed identifier.

In contrast, DOT's interpretation of "vehicle identification number" requires the federal VIN, a restriction which was never contemplated or intended by the legislature. Enforcement of DOT's interpretation has prevented many custom motorcycles from being registered, and has had a significant, negative economic impact on those that relied in good faith on Hawaii county's longstanding and reasonable interpretation of the registration law.

The purpose of this Act is to provide relief to custom motorcycle owners, assemblers, and dealers, by filling in the gap in the vehicle registration law and by exempting motorcycles from the definition of reconstructed vehicle. This Act defines the term "vehicle identification number" in chapter 286, Hawaii Revised Statutes, the highway safety law, to allow the county director of finance to identify and register a reconstructed vehicle by assigning it an identification number other than the federal VIN.

SECTION 2. Section 286-2, Hawaii Revised Statutes, is amended as follows:

1. By adding a new definition to be appropriately inserted and to read as follows:

"Vehicle identification number" means the unique series of letters and numerals assigned to a vehicle either by the vehicle manufacturer or incomplete vehicle manufacturer as required by federal law, or by the county director of finance to identify a reconstructed vehicle, special interest vehicle, or motorcycle."

2. By amending the definition of "reconstructed vehicle" to read as follows:

"Reconstructed vehicle" means a vehicle that is registered to be operated on a public highway, and that is:

- (1) Assembled from new or used parts by a person other than a recognized manufacturer of new vehicles;
- (2) Modified to the extent that the identity of the vehicle's make, model, or type is obscured by material changes in its appearance; or
- (3) Modified by the removal, addition, alteration, or substitution of other than original replacement essential parts, including the vehicle's body, power train, steering system, suspension system, exhaust system, intake system, or bumper system;

excluding ordinary body repair that does not change the exterior structure of the vehicle. The term does not include a special interest vehicle[-] or a motorcycle."

SECTION 3. Section 286-42, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) The county director of finance shall examine and to the best of the director’s ability determine the genuineness and regularity of every registration and transfer of registration of a vehicle as in this part provided, in order that every certificate issued for a vehicle shall contain true statements of the ownership thereof, and to prevent the registration of a vehicle by any person not entitled thereto, and the director of finance may require any applicant to furnish such information, in addition to that contained in the application, as may be necessary to satisfy the director of finance of the truth and regularity of the application. The director of finance may accept any county certificate of title issued for a vehicle as prima facie evidence of ownership for registration and transfer of registration. The director may issue vehicle identification numbers for reconstructed vehicles, special interest vehicles, or motorcycles, which do not have vehicle identification numbers if the director determines that the requirements of this section have been met.

The county director of finance may register a motorcycle with an after market frame, using the vehicle identification number of the frame as issued by the incomplete vehicle manufacturer of the frame. A bill of sale and Manufacturers Statement of Origin for the frame, engine, and transmission must be presented and retained as a part of the permanent county registration records. If a Manufacturers Statement of Origin is not available for the engine and transmission due to the use of a used or reconstructed engine, transmission, or both, then a bill of sale or other proof of ownership, satisfactory to the director of finance must be presented.”

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

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

(Approved July 5, 2002.)