

Honolulu, Hawaii

March 22, 2012

RE: S.B. No. 2220
S.D. 1
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committees on Labor & Public Employment and Economic Revitalization & Business, to which was referred S.B. No. 2220, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE BOILER AND ELEVATOR SAFETY LAW,"

beg leave to report as follows:

The purpose of this measure is to improve public safety by, among other things:

- (1) Establishing fee schedules for inspections, permits, and examinations of boilers, pressure systems, elevators, and kindred equipment, and amusement rides to provide operating funds for the Department of Labor and Industrial Relations Boiler and Elevator Inspection Branch;
- (2) Establishing the Boiler and Elevator Special Fund for the deposit of fees charged and collected under paragraph (1);
- (3) Appropriating an unspecified amount of monies out of the general fund to be deposited into the Boiler and Elevator Special Fund as start up funds to continue operations of the Boiler and Elevator Inspection Branch until additional staff are hired and trained; and



- (4) Appropriating an unspecified amount of monies out of the Boiler and Elevator Special Fund to fully staff the Boiler and Elevator Inspection Branch and maintain timely inspections and safety tests.

The Department of Labor and Industrial Relations; Department of Human Resources Development; Hawaii Government Employees Association, AFSCME, Local 152, AFL-CIO; ILWU Local 142; Hawaii Laborers' Union; International Union of Elevator Constructors, Local 126; National Elevator Industry, Inc; Pacific Resource Partnership; Mitsubishi Electric & Electronics USA, Inc., Elevator/Escalator Division; Hawai'i Chapter of the International Facility Management Association; General Contractors Association of Hawaii; Building Owners and Managers Association of Hawaii; Schindler Elevator Company; Facilities and Building Management Manager of Queens Medical Hospital; and two concerned individuals testified in support of this measure.

The Boiler and Elevator Inspection Branch has the responsibility and duty to periodically inspect, and issue permits and certificates for, boilers, pressure systems, amusement rides, and elevators and kindred equipment. Unfortunately, due to the recent economic downturn that resulted in budget and staffing cuts, a backlog of inspections has occurred. According to the Department of Labor and Industrial Relations, approximately 75 percent of elevators and 50 percent of boilers in Hawaii are operating without a current operating permit because of this backlog. Your Committees find that the resulting backlog has also caused delays in issuing elevator permits for new construction projects which can result in project delays and hinder Hawaii's economic recovery.

Establishing fee schedules and a Boiler and Elevator Special Fund provides a mechanism for the self-sufficiency of the Boiler and Elevator Inspection Branch and is a long term approach to reducing the inspections backlog and will allow for more timely inspections in the future. However, your Committees note that according to the Department of Labor and Industrial Relations, the language contained in House Bill No. 2575, H.D. 1, passed by the Committee on Labor & Public Employment during the Regular Session of 2012, accomplishes this task in a slightly more efficient manner. Accordingly, your Committees have amended this measure by deleting its contents and replacing it with language contained in House Bill No. 2575 H.D. 1, which is substantially similar in nature. As amended, this measure continues to improve public safety by establishing the Boiler and Elevator Special Fund and



the fees for permits, inspections, and examinations of various types of equipment.

Additionally, the amended measure:

- (1) Removes amusement rides from the fee schedule applicable to elevators and kindred equipment and makes a separate fee schedule for amusement rides;
- (2) Authorizes the establishment of ten additional permanent positions in the Department of Labor and Industrial Relations Boiler and Elevator Inspection Branch;
- (3) Requires the Department of Labor and Industrial Relations to submit an annual report to the Legislature on the status of the elevator and boiler inspection backlog no later than 20 days prior to the convening of each regular session, commencing with the Regular Session of 2013;
- (4) Appropriates \$1,000,000 out of the general fund to be deposited into the Boiler and Elevator Special Fund as start up funds to continue operations of the Boiler and Elevator Inspection Branch until additional staff are hired and trained and requires the Department of Labor and Industrial Relations to pay back the \$1,000,000 within five years of the effective date of this measure; and
- (5) Appropriates \$2,900,000 out of the Boiler and Elevator Special Fund to fully staff the Boiler and Elevator Inspection Branch and maintain timely inspections and safety tests.

Your Committees have further amended this measure by:

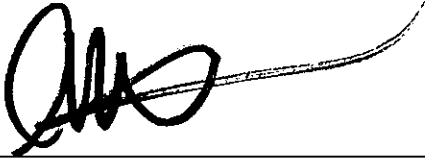
- (1) Changing its effective date to upon approval but providing that the fee schedule and appropriation amounts sections take effect on July 1, 2012; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Labor & Public Employment and Economic Revitalization & Business that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No.



2220, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2220, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Labor & Public
Employment and Economic
Revitalization & Business,



ANGUS L.K. MCKELVEY, Chair



KARL RHOADS, Chair



Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB 2220 SD1	Committee Referral: LAB/ERD, FIN	Date: 3-16-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. CULLEN, Ty	/			
5. ICHIYAMA, Linda	/			
6. LEE, Marilyn B.	/			
7. LUKE, Sylvia	/			
8. OKAMURA, Tom				
9. SAIKI, Scott K.	/			
10. SOUKI, Joseph M.	/			
11. TAKUMI, Roy M.	/			
12. FONTAINE, George R.	/			
13. JOHANSON, Aaron Ling	/			
TOTAL (13)	12	—	—	—
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				

Record of Votes of the Committee on Economic Revitalization & Business

Bill/Resolution No.: (SSCR) SB 2220, SDI (2662)	Committee Referral: LAB/ERB, FIN	Date: 3/16/12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
ERB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	X			
2. CHOY, Isaac W. (VC)	X			
3. AWANA, Karen L.	X			
4. BROWER, Tom	X			
5. EVANS, Cindy	X			
6. HASHEM, Mark J.	X			
7. NISHIMOTO, Scott Y.	X			
8. TOKIOKA, James Kunane				X
9. TSUJI, Clift	X			
10. MARUMOTO, Barbara C.		X		
11. PINE, Kymberly Marcos				X
TOTAL (11)	8	1	—	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align:center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				