



**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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February 14, 2012

To: The Honorable Rida T.R. Cabinilla, Chair,
The Honorable Ken Ito, Vice Chair, and
Members of the House Committee on Housing

Date: Wednesday, February 15, 2012
Time: 9:15 a.m.
Place: Conference Room 325, State Capitol

From: Dwight Y. Takamine, Director
Department of Labor and Industrial Relations (DLIR)

RE: HB2575 HD1 RELATING TO BOILER AND ELEVATOR SAFETY LAW

I. OVERVIEW OF PROPOSED LEGISLATION

HB2575 HD1 establishes a boiler and elevator special fund to provide a mechanism for self-sufficiency for the Boiler and Elevator Inspection Branch of the Hawai'i Occupational Safety and Health Division (HIOSH). Key provisions of the measure include the following:

- A statutory increase in permit and inspection fees.
- The addition of up to ten (10) positions.
- \$1,000,000 in seed money from the general fund to be repaid in five years.
- An appropriation in the first year of \$2,900,000 to carry out the purposes of the program.

The department strongly supports this administration measure.

II. CURRENT LAW

The Boiler and Elevator Inspection Branch operates entirely on general funds and permit and inspection fees have not changed since 1998. Currently and despite

recent process improvements, 75% of elevators and 50% of boilers are operating without a current permit. There is also a backlog in performing critical load tests on elevators, internal inspection of escalators and inspections of amusement rides.

III. COMMENTS ON THE HOUSE BILL

1. HB2575 HD1 is about public safety, the economy, and jobs. Over the past decade, the boiler and elevator inspection program staffing and budget has suffered from across the board cuts and neglect that has rendered it ineffective and a hindrance to economic revitalization.

Boiler and Elevator Branch Staffing History*											
Year	95	02	03	04	05	06	07	08	09	10	11
Filled	21	13	18	11	15	11	14	10	11	10	10
Authorized	21	24	18	19	18	13	14	21	15	11	12
% Filled	100%	54%	100%	58%	83%	85%	100%	48%	73%	91%	83%

** Years for which data was readily available.*

2. HB2575 HD1 establishes a boiler and elevator special fund to provide a mechanism for self-sufficiency for the Boiler and Elevator Inspection Branch of HIOSH. HB2575 HD1 takes away the likelihood that the program will suffer from repeated and often automatic across the board cuts because it establishes a boiler and elevator special fund that is funded by fees assessed on the elevator owners who are most immediately impacted by the program. The measure provides a mechanism for self-sufficiency that will enable the program to hire and retain qualified personnel and carry out the inspection and permitting functions related to public safety.
3. Elevators, boilers, steam kettles and kindred equipment may not meet safety standards and are a potential threat to public safety. Building owners, managers and businesses lose revenue awaiting the state's approval to use heaters and steam kettles for their restaurant, nursing home or institution. Retail stores, doctors and dentist offices must wait for the state's approval for the recently installed elevator or wheelchair lift to bring customers and patients to their doors. At the same time, developers and the construction industry are unable to commit to new projects without some assurance that the current project will be occupied and generate revenue upon completion. Without this assurance, construction workers will remain on the bench.
4. The department has been working with the various stakeholders since last session to reach consensus and draft this measure. Although owners,

managers, and businesses face fee increases averaging nearly 40%, they recognize that the fees have not risen in over 13 years, and are far preferable to the current untenable situation that is much more costly. It is critical that this measure be passed this year to have a chance of addressing the backlogs, the construction bottleneck and the public safety issues within the next two years.

5. The department has assigned one full-time person who is in the process of updating the elevator standards.

The department offers these additional comments about the provisions in the proposal:

1. Raises fees by statute until the Director amends such fees by rulemaking in accordance with Chapter 91 to enable a reduction in the backlogs as soon as possible.
2. The \$1,000,000 in seed money is critical to begin and continue operations until qualified staff are hired and trained. The additional 10 permanent staff, while reducing the backlogs, will also increase the amount of income and fees coming into the special fund.
3. The \$2,900,000 appropriation is the income based on a fully staffed branch that is maintaining timely inspections and safety tests of the state's inventory of boilers, elevators and kindred equipment, and amusement rides.

Thank you for the opportunity to provide testimony on this matter.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 14, 2012 12:10 PM
To: HSGtestimony
Cc: framodda@yahoo.com
Subject: Testimony for HB2575 on 2/15/2012 9:15:00 AM

Testimony for HSG 2/15/2012 9:15:00 AM HB2575

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Ramoda Anand
Organization: Hawaii's People with Physical Challenges
E-mail: framodda@yahoo.com
Submitted on: 2/14/2012

Comments:

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 14, 2012 12:47 PM
To: HSGtestimony
Cc: Lardizabal@local368.org
Subject: Testimony for HB2575 on 2/15/2012 9:15:00 AM

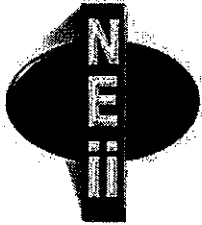
Testimony for HSG 2/15/2012 9:15:00 AM HB2575

Conference room: 325
Testifier position: Support
Testifier will be present: Yes
Submitted by: Al Lardizabal
Organization: Hawaii Laborers' Union
E-mail: Lardizabal@local368.org
Submitted on: 2/14/2012

Comments:

The Hawaii Laborers' Union supports HB2575HD1 that provides for 10 permanent inspector positions and creates a special fund. The state and county are moving more towards urban core development and that means more high rises which means more elevators, lift machines or escalators. The record also shows that the DLIR Boiler and Elevator inspector staffing has suffered from cut backs for many years. The inspectors are necessary to allow the construction industry to perform its role in the economy.

Mahalo



National Elevator Industry, Inc.

ASSOCIATION HEADQUARTERS

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Testimony from the National Elevator Industry, Inc. (NEII)

in **STRONG SUPPORT** of **HB 2575 HD 1** **Relating to the Boiler and Elevator Safety Law**

House Committee on Housing

Wednesday, February 15, 2012, 9:15 a.m., Room 325

Aloha Chair Cabanilla, Vice Chair Ito, and members of the committee:

The National Elevator Industry Inc (“*NEII*®”) is a national trade organization representing the interests of firms that install, maintain and/or manufacture (including parts or components) elevators, escalators, moving walks and other building transportation systems. NEII member companies have significant operations across Hawaii, and we appreciate the opportunity to provide comments on HB 2575.

NEII® is very concerned about the several year backlog of inspections in the elevator and boiler branch of the Department of Labor and Industrial Relations (DLIR). We recognize that the State’s fiscal crisis has greatly contributed to the current challenges faced by DLIR with their current limited and overburdened staff. However, the inability to timely and effectively manage the inspections of elevators and other building transportation equipment in Hawaii raises safety issues, creates construction delays and results in significant cost burdens on the commercial business community in the State.

We would hope that responsible building owners in the State would arrange for their elevator equipment to be regularly and routinely maintained with necessary repairs or replacements made but only a current operating permit and approval of critical load tests will ensure the ongoing confidence of the riding public that such equipment is truly safe to use. Fortunately, there hasn’t been an elevator related fatality in the State for quite some time. A proper inspection and test approval program would be of invaluable assistance in continuing that trend.

The administrative quagmire that the DLIR finds itself in is exacerbating the economic crisis by stalling the occupancy of buildings that could help drive the State’s economic engine back to prosperity. Delayed occupancy means a delay in the sale and/or lease of buildings. Meanwhile, construction loan payments are still required draining away precious resources from cash-strapped property owners that could be allocated to other income producing projects. Financially distressed properties lead to increasing amounts of deferred maintenance thereby creating safety concerns (including elevators, building, fire and life safety systems) as well as lost jobs for the elevator industry that services existing equipment and that installs original equipment for new projects that never get off ground due to lack of funding. More loans will go into default and foreclosure as sufficient proceeds are not available to pay outstanding debt service. Every

foreclosure and forced sale drives down the value of other area properties and makes construction lenders even more skittish about financing other projects. All of this creates a downward spiral that makes it harder for the Hawaii economy to recover from an already depressed state.

For over a year, *NEII*® has led a collaborative working group that includes key stakeholders in the elevator and building industries. This group has developed a strong working relationship with DLIR and we have seen a positive commitment to resolving the backlog of inspections. HB 2575 would re-establish a revolving fund dedicated to the elevator branch which would allow the DLIR to recruit and hire suitably qualified staff for the necessary inspector positions including, most importantly, the Chief Elevator Inspector who would then be in a position to immediately fill the current leadership vacuum.

NEII®'s is the premier association representing the interests of firms that install, maintain and/or manufacture elevators, escalators, moving walks and other building transportation products. The *NEII*® membership includes the top elevator companies in the United States, if not the world, and reports more than eighty percent of the work hours for the industry. Safety for the riding public and industry professionals is one of *NEII*®'s top priorities.

Thank you for the opportunity to provide the elevator industry's comments today.