



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

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January 25, 2012

To: The Honorable Clayton Hee, Chair, Maile Shimabukuro, Vice Chair
and Members of the Senate Committee on Judiciary and Labor

Date: Thursday, January 26, 2012

Time: 2:30 p.m.

Place: Conference Room 229, State Capitol

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

Re: S.B. No. 2220 Relating to Boiler and Elevator Safety Law

I. OVERVIEW OF PROPOSED LEGISLATION

SB2200 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 include the following:

- A statutory increase in permit and inspection fees.
- The addition of up to ten (10) positions.
- Provides authority for the Director to set compensation and other working conditions that may be different from those administered by the Department of Human Resources Development (DHRD).
- \$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 measure and requests several minor amendments.

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 SENATE BILL

- SB2200 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.*

- SB2200 takes away the likelihood that the program will suffer from repeated and often automatic across the board cuts by establishing a boiler and elevator special revolving fund whereby the fees being assessed on the stakeholders who are the most immediately impacted by the program will be dedicated to 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.
- Elevators, boilers, steam kettles and the like 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 remain on the bench.

- 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.

The department offers the following comments about the provisions in the measure:

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 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.

The department requests the following amendments:

1. Section 4 (a) permits the Director to establish 10 additional positions, subject to Chapters 76 and 89, to ensure sufficient staffing to reduce the backlog quickly and maintain timely inspections over the long term. The department requests an amendment to Section 4, part (a) to clarify that the ten positions are permanent ones.
2. Removal of Section 4, part (b) from the bill. After further consultation with DHRD, the department believes that under existing personnel rules and procedures the Director will have the authority and flexibility to hire and retain qualified staff.
3. Taking amusement ride inspection fees (pg. 9, line 8) out of Schedule B and creating a new Section C for amusement ride inspection fees.

NEIL ABERCROMBIE
GOVERNOR



BARBARA A. KRIEG
INTERIM DIRECTOR

DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

January 25, 2012

**TESTIMONY TO THE
SENATE COMMITTEE ON JUDICIARY AND LABOR**

For Hearing on Thursday, January 26, 2012
2:30 p.m., Conference Room 229

BY

BARBARA A. KRIEG
INTERIM DIRECTOR

Senate Bill No. 2220
Relating to the Boiler and Elevator Safety Law

TO CHAIRPERSON HEE AND MEMBERS OF THE COMMITTEE:

S.B. No. 2220 establishes the boiler and elevator special fund, authorizes the establishment of up to ten additional positions, and appropriates funds for start up costs and the hiring of staff by the Department of Labor and Industrial Relations (DLIR). The Department of Human Resources Development (DHRD) supports these provisions of the bill.

However, as currently drafted, section 4, part (b) of the bill authorizes the DLIR director to set compensation and other working conditions for these employees that may be different from those administered by DHRD. Upon discussion with DLIR, it was agreed that existing personnel rules and procedures provide the needed flexibility to hire and retain qualified staff. Therefore, DHRD requests removal of section 4, part (b) from the bill.

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



Randy Perreira
President

HAWAII STATE AFL-CIO

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The Twenty-sixth Legislature, State of Hawaii
Hawaii State Senate
Committee on Judiciary and Labor

Testimony by
Hawaii State AFL-CIO
January 26, 2012

S.B. 2220 – RELATING TO THE BOILER
AND ELEVATOR SAFETY LAW

The Hawaii State AFL-CIO strongly **supports** S.B. 2220 which establishes the boiler and elevator special fund to collect and deposit fees for inspections, permits, and examinations of boilers, pressure systems, elevators, and kindred equipment; provides for sufficient operating costs to carry out the purpose of the boiler and elevator safety law and authorizes the director of labor and industrial relations to establish up to ten additional positions, including elevator and boiler inspectors.

We consider this measure to be important for the safety and wellbeing of the general public. Thousands of Hawaii residents and tourists use elevators daily and their safety should be one of the state's top priorities. An elevator not properly functioning can cause serious harm and even death. In addition, a boiler not inspected or maintained properly can be extremely dangerous causing property damage and even the loss of life.

We hope you recognize the importance of S.B. 2220 and respectfully request its passage.

Thank you for the opportunity to testify.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "RyR", is written over the typed name and title.

Randy Perreira
President

hee9 - Mari

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 24, 2012 2:35 PM
To: JDLTestimony
Cc: al@certifiedhawaii.com
Subject: Testimony for SB2220 on 1/26/2012 2:30:00 PM

Testimony for JDL 1/26/2012 2:30:00 PM SB2220

Conference room: 229
Testifier position: Support
Testifier will be present: No
Submitted by: Al Denys
Organization: Certified Hawaii
E-mail: al@certifiedhawaii.com
Submitted on: 1/24/2012

Comments:

Aloha,

This is a very important piece of legislation. It concerns providing for the safety and welfare of our residents that reside in high rise buildings that rely on the use of a safe and properly maintained and inspected elevator. There are a shortage of qualified inspectors as well as a huge backlog in inspections. We need to protect the consumer as well as the owner of these elevators. Mahalo.

warmest aloha,

Al Denys

SB 2220

RELATING TO THE BOILER AND ELEVATOR SAFETY LAW

Senate Committee on Judiciary and Labor

Senate Committee on Ways and Means

A Public Hearing – on January 26, 12 2012

2: 30 p.m., State Capitol, Conference Room 229

By

Michael J Panzo, Dynamic Elevator Systems, LLC

SB 2220 appears to be open ended in financial expenditures. In these hard economical times, this bill request a blank check with no real operational plan, or a practical approach to an on going crises, other than to collect and charge more money for condition's, that this Bill does not consider. SB2220 approach will not advance current elevator inspection conditions. The financial projections in SB2220, begin by spending approximately \$4,000,000 more tax dollars than what the State is currently putting into its State elevator program. Short term effects may appear to meet sufficient goals, however, SB 2220 is flawed in respect to the specificity to meet current and future elevator inspection demands. It does not take into account the inspection requirements to bring the State Elevator codes up to date. It does not address the fact that you cannot properly inspect 2012 technology with 1996 elevator codes, nor the amount of staffing that will be required to inspect elevator equipment as required by law and according to ASME A17.1/CSA B44.1, under 2010 elevator codes. It does not address the learning curve it will take to bring existing State Elevator Inspectors up to par, to conduct inspections to current 2010 elevator codes. There is a span of 14 years of code requirements for elevator equipment and inspectors to catch up on.

The addition of 6 elevator inspectors and 3 support staff, for a price tag of 4 million dollars, just for starters, for a year and a half operation period is unbelievable, when you look at the fact the State is still inspecting elevators with obsolete, 1996 elevator codes. If it were financially feasible to just raising fee's to adequately inspect elevators, it would have been done, years ago.

South Carolina has a similar economic condition, as the State of Hawaii. In 2009, they adopted to allow third party inspectors to conduct elevator inspections. Prior to 2009, South Carolina were following 2007 elevator codes and had 20+ elevator inspectors. The operating budget and economic factors proved too much to keep elevator inspections current. South Carolina's has increased its capacity for inspecting elevators, increased revenue and increased job opportunities.

There are bills SB2401, HB1979 and HB1725 that address the broader picture of updating code requirements, generate money for the State, and offers a comprehensive program that will allow the State of Hawaii to remain vigilant in safe guarding the millions of elevator riding public. I ask this committee to **dismiss/reject** SB2220. I ASK THAT THIS COMMITTEE, CONSIDER AND SUPPORT SB2401, HB1979 & HB1725

Thank you for the opportunity to comment on this bill.