



National Elevator Industry, Inc.

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Testimony by the National Elevator Industry, Inc.

in STRONG SUPPORT of SB 2220 Relating to the Boiler and Elevator Safety Law

Before the Senate Committee on Ways and Means February 23, 2012, 9:00 s.m.. Room 211

Aloha Chair Ige, Vice Chair Kidani 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 Senate Bill 2220 today.

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. S.B. 2220 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.