

DAVID Y. IGE
GOVERNOR

JOSH GREEN
LIEUTENANT GOVERNOR



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

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December 26, 2019

The Honorable Ronald D. Kouchi,
President and Members of the Senate
Thirtieth State Legislature
State Capitol, Room 409
Honolulu, HI 96813

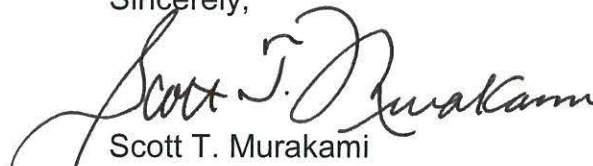
The Honorable Scott K. Saiki, Speaker
and Members of the House of
Representatives
Thirtieth State Legislature
State Capitol, Room 431
Honolulu, HI 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting two (2) copies of the Department of Labor and Industrial Relations (DLIR) Status of the Boiler and Elevator Revolving Fund Report for the fiscal year ending June 30, 2019, as required by section 397-13, Hawaii Revised Statutes (HRS).

In accordance with section 93-16, HRS, I am also informing you that the report may be viewed electronically at <http://labor.hawaii.gov/find-a-report/>.

Sincerely,



Scott T. Murakami
Director

Enclosure

**BOILER AND ELEVATOR REVOLVING FUND REPORT
TO THE 2020 LEGISLATURE**



State of Hawaii
Department of Labor and Industrial Relations

December 2019

STATE OF HAWAII
DAVID Y. IGE, Governor

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
SCOTT MURAKAMI, Director
ANNE PERREIRA-EUSTAQUIO, Deputy Director

OCCUPATIONAL SAFETY AND HEALTH DIVISION
BOILER AND ELEVATOR BRANCH
NORMAN AHU, Administrator
JULIUS DACANAY, Branch Manager



I. INTRODUCTION

Pursuant to 397-13, Hawaii Revised Statutes (HRS), the Director of the Department of Labor and Industrial Relations (DLIR), "... shall submit a report to the legislature on the status of the boiler and elevator special fund, including expenditures and program results, not less than twenty days prior to the convening of each regular session."

II. PURPOSE

Act 103 (SLH, 2012) established the boiler and elevator special fund, changed the means of financing to special funding, and provided a mechanism for self-sustainability for the Boiler and Elevator Branch (Branch) of the Occupational Safety and Health Division (HIOSH). In passing Act 103, the Legislature recognized that the boiler and elevator inspection program staffing and budget had suffered from across-the-board cuts and neglect that had rendered it ineffective and a hindrance to economic revitalization, and most importantly, a threat to public safety.

Act 103's self-sustainability mechanism operates by assessing fees, which supports the operations of the Branch. Act 103's self-sustainability mechanism also provides a means for the program to hire and retain qualified personnel and carry out the inspection and permitting functions related to public safety and economic revitalization.

Act 103 has been codified in the Hawaii Revised States (HRS) as a new section §397-13 (**Boiler and elevator special fund; establishment; purposes.**), and amendments to §397-5 (**Fees.**) and 397-8 (**Violations and penalties**).

Act 186 (SLH, 2018) amended the law by changing the special fund to a revolving fund to properly align the fund with the statutory definition of a revolving fund found in section 37-62, HRS.

III. PROGRAM RESULTS

The Branch amended the Hawaii Administrative Rules (HAR) for the Elevator Section in 2014 and 2016. A new revision that includes mostly housekeeping changes and a modest increase in the fees is in the final stages and is expected to become effective on February 15, 2019.

The Branch also completed a major overhaul to the Boiler Section's HAR, which Gov. David Y. Ige signed on December 5, 2019. The updated rules are the first HAR changes since the enactment of Act 103 in 2012, and although some minor modifications were made in 2012, previous revisions were in 2000 and 1996. This overhaul explicitly incorporates national consensus standards in the rules both in adoption by reference as well as by numerous references in the text. The fees were also significantly increased with the support of stakeholders in the effort to ensure that the Branch remains self-sustaining.

DLIR continues to work with the Hawaii Information Consortium (HIC) to integrate a new information technology system into the operations of the Elevator Section for staff, permit and license holders, and the public to make operations more efficient and transparent. The transition to integrate the new system began in third quarter of calendar year 2019.

Branch back office operational and supervisory personnel received their initial training by HIC in the months of October and November. Heavy duty reinforced laptops were procured during that same period for the field inspectors. The first of three inspector groups started their initial training in December 2019. An HIC help desk will be available to assist the field inspectors and address de-bugging issues. The remaining training sessions are projected to take place in the first quarter of 2020 with full implementation expected by mid-2020.

Act 103 also provided for ten additional positions including a branch manager, up to the equivalent of six full-time elevator inspectors, one boiler inspector and two office assistants. Act 103 increased the total number of inspectors in the Branch from eleven to eighteen (four boiler, fourteen elevator), including two supervisors. Nineteen of the Branch's twenty-two positions are currently filled and recruitment is ongoing for the three vacancies. during the fall of 2018.

The program performed 5,903 elevator inspections (of approximately 7,000 items) and conducted or accepted 6,404 boiler & pressure vessel inspections inspections during FY2018-19.

IV. Budget

Increased operational expenses and a decline in revenue prohibited the department from making an installment on the general fund loan. Pursuant to Act 186 (SLH, 2018), DLIR has until 2022 to reimburse \$1,000,000 to the general fund and to date has deposited \$700,000.

Fiscal Year 2018-2019

Beginning Balance		586,168
Revenues	Fees, Interest	2,035,784.66
Expenditures	Incl. Loan Repayment	(2,289,652)
Loan Repayment		0
Balance 6/30/18		332,300

