

DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LIEUTENANT GOVERNOR



ANNE EUSTAQUIO  
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STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

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December 18, 2020

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

The Honorable Scott K. Saiki, Speaker  
and Members of the House of  
Representatives  
Thirty First 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, 2020, 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,

A handwritten signature in cursive script, reading "Anne Eustaquio".

Anne Eustaquio  
Director

Enclosure

# ***BOILER AND ELEVATOR REVOLVING FUND REPORT TO THE 2021 LEGISLATURE***



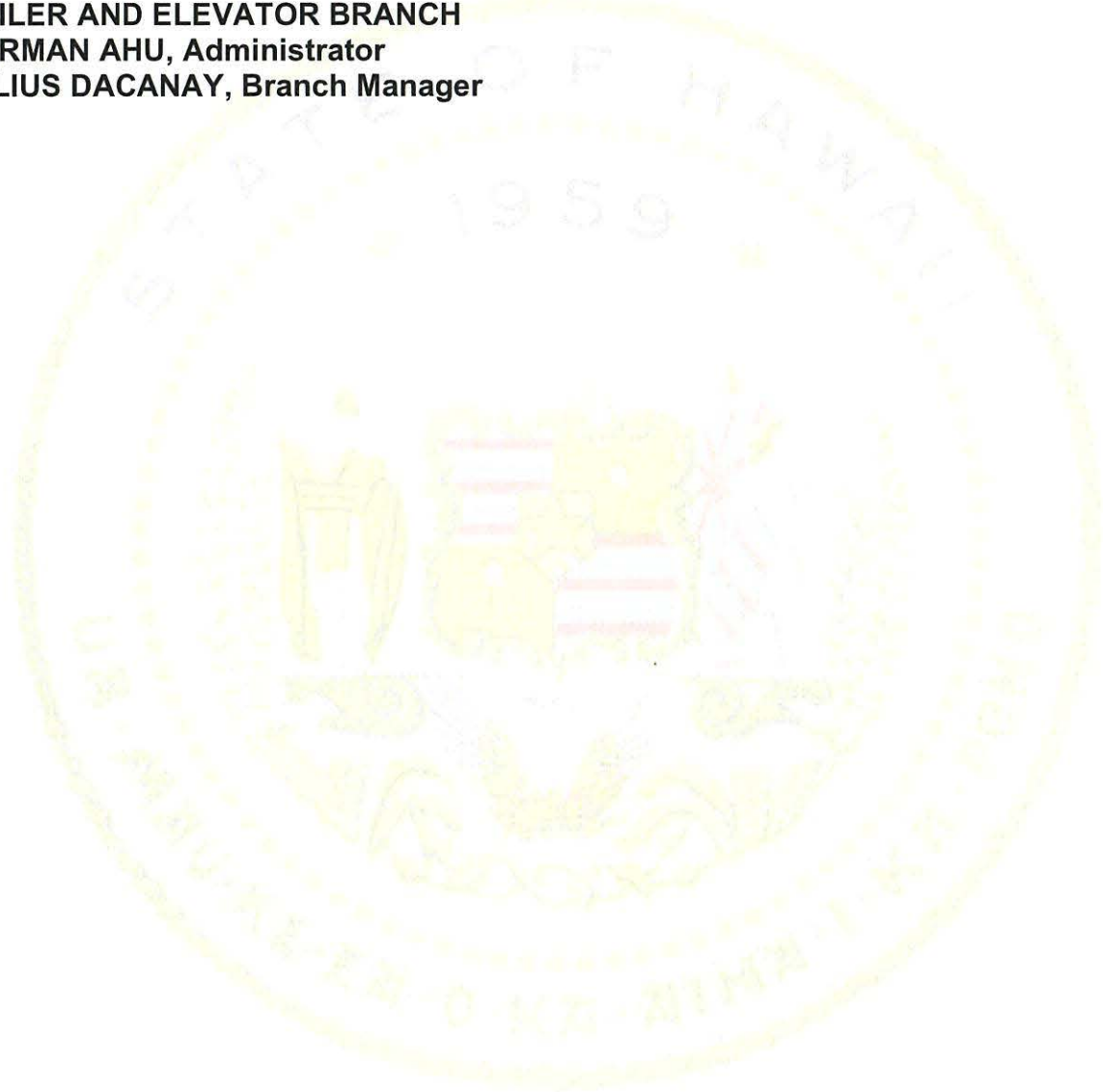
State of Hawaii  
Department of Labor and Industrial Relations

December 2020

**STATE OF HAWAII**  
**DAVID Y. IGE, Governor**

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**  
**ANNE EUSTAQUIO, Director**  
**JOANN A. VIDINHAR, 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, 2016 and 2019. 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 or about January 1, 2021.

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.

The Branch now utilizes information technology for processing both elevator and boiler inspections. In FY2019 – 2020, the Branch completed transition to the Elevator Permitting System (EPS) which allows the Branch staff, permit and license holders, and the public to make operations more efficient and transparent. Branch back office operational and

supervisory personnel now work with EPS to process elevator inspections, billings, and permit issuance. The Branch continues to use the Jurisdiction On-Line (JOL) computer system for processing of its boiler inspections.

The COVID 19 pandemic and the loss of the elevator inspection supervisor took a large toll on the Branch's operations and revenue stream. Three (3) elevator inspectors resigned in FY2020 to avoid being exposed to the COVID 19 virus while conducting inspections in public areas. Another elevator inspector is scheduled to depart in November 2020, which will leave only seven (7) functional elevator inspectors and one (1) covering supervisory functions. The Branch, however, retained its full complement of three (3) boiler inspectors. Overall, the Branch will have eight (8) vacancies and recruitment will be approached cautiously due to the downward revenue trend from COVID 19 and high fringe expenses.

The program performed 4125 elevator inspections (of approximately 7,000 items) and conducted or accepted 4450 boiler & pressure vessel inspections during FY2019-20.

#### **IV. Budget**

As previously noted, COVID 19 and the departure of the elevator supervisor had a significant negative impact to FY2019 – 2020 revenues. The beginning balance started at \$332,300 on July 1, 2019 and decreased to \$211,249 on June 30, 2020. This decline in revenues along with an increase in operational expenses, deterred the Branch from hiring and 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. The Branch intends to file for an elevator inspection fee increase during FY2020 – 2021 to improve revenue income.

##### **Fiscal Year 2019-2020**

Beginning Balance		332,300
Revenues	Fees, Interest	1,964,069
Expenditures	Incl. Loan Repayment	(2,085,120)
Loan Repayment		0
Balance 6/30/18		211,249

