



STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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January 31, 2022

To: The Honorable Brian T. Taniguchi, Chair,
The Honorable Les Ihara, Jr. Vice Chair, and
Members of the Senate Committee on Labor, Culture and the Arts

Date: Monday, January 31, 2022
Time: 3:00 p.m.
Place: Conference Room 225, State Capitol

From: Anne Perreira-Eustaquio, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. 3126 RELATING TO THE BOILER AND ELEVATOR SAFETY LAW

I. OVERVIEW OF PROPOSED LEGISLATION

SB3126 proposes to amend Chapter 397, Hawaii Revised Statutes (HRS), to allow the Director of Labor and Industrial Relations to permit owner-user inspectors in the exclusive employment of owner-user inspection organizations to perform inspections on pressure retaining items and to extend the time from ten to thirteen years for the Director to reimburse the general fund from the Boiler and Elevator Revolving Fund.

The DLIR strongly supports this Governor's Package measure.

II. CURRENT LAW

§397-6 Safety inspection by qualified inspectors subsections (a) & (b) permit inspections of pressure retaining items (boilers & pressure vessels) by deputy inspectors employed by the department as well as special inspectors who are qualified boiler inspectors in the employ of insurance companies insuring pressure retaining items in Hawaii.

A qualified boiler inspector must meet three criteria:

1. Is a person eligible for or in possession of a valid commission issued by the National Board of Boiler and Pressure Vessel Inspectors,
2. Has satisfied the requirements established by the department, and
3. Has received briefings and instructions regarding the rules (Hawaii Administrative Rules) pertaining to pressure retaining items in Hawaii.

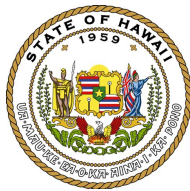
§397-13(d) requires the DLIR to reimburse the general fund for the \$1,000,000 loan from Act 103 (SLH, 2012) by June 30, 2022.

III. COMMENTS ON THE SENATE BILL

The DLIR strongly supports this measure as it allows an additional type of pressure retaining item inspection, which will augment the ability of the department to inspect and assure the safe operation and use of boilers, pressure vessels, and pressure systems in Hawaii.

The National Board of Boiler and Pressure Vessel Inspectors permits an owner-user inspection organization (OUIO) to establish and maintain an inspection program as long as the organization and inspection procedures meet the requirements of NB-371, Accreditation of Owner-User Inspection Organizations, NB-381, Quality Program for Inspection Organizations, NB-263, National Board Rules for Commissioned Inspectors, and the jurisdiction's approval.

This proposal also extends the time for the Director to reimburse the general fund from the Boiler and Elevator revolving fund from ten to thirteen years, which will help ensure that safety operations can continue while maintaining a feasible repayment schedule. To date, the DLIR has deposited \$750,000 to reimburse the \$1,000,000 loan from the general fund.



HAWAII STATE ETHICS COMMISSION

State of Hawaii · Bishop Square, 1001 Bishop Street, ASB Tower 970 · Honolulu, Hawaii 96813

Committee: House Committee on Labor, Culture, and the Arts
Bill Number: S.B. 3126
Hearing Date/Time: January 31, 2022 at 3:00 p.m.
Re: Testimony of the Hawaii State Ethics Commission **SUPPORTING**
H.B. 3126, Relating to State Boards and Commissions with a
PROPOSED AMENDMENT

Aloha Chair Taniguchi and Committee Members:

Thank you for the opportunity to testify on S.B. 1849, which, among other things, requires the Hawai‘i Workforce Development Board and local workforce development boards to develop written conflict of interest policies consistent with Haw. Rev. Stat. Chapter 84. The Hawai‘i State Ethics Commission (“Commission”) respectfully *supports* this measure.

The Commission is charged with ensuring that Hawai‘i’s public officers and employees “exhibit the highest standards of ethical conduct” Accordingly, the Commission plainly supports efforts to develop written ethical standards, such as conflict of interest provisions, and stands by ready to assist in the development of future language.

Proposed amendment. On page 2, the language used says “[e]ngage in any other activity determined by the governor to constitute a conflict of interest under P.L. 113-128 or state law.” It is unusual to delegate this type of authority solely to the Governor. Such language may trigger Constitutional issues. Removing the three words “by the governor” may reach the same result without needing to limit the scope of authority?

Once again, mahalo for the opportunity to testify.

Very truly yours,

/s/ Robert D. Harris

Robert D. Harris

Executive Director and General Counsel



**Hawaiian
Electric**

**TESTIMONY BEFORE THE SENATE COMMITTEE ON
LABOR, CULTURE AND THE ARTS**

SB3126

Relating to the Boiler and Elevator Safety Law

Monday, January 31, 2022

3:00pm, Agenda Item 1

State Capitol, Conference Room 225 and Videoconference

Simeon D. Powell

Superintendent of Technical Services Department
Hawaiian Electric Company, Inc.

Chair Taniguchi, Vice Chair Ihara and members of the Committee:

My name is Simeon Powell, and I am testifying on behalf of Hawaiian Electric Company **in strong support** of SB3126. One purpose of this bill, which affects Hawaiian Electric and our customers directly, is to clarify by statute that the Director of Labor and Industrial Relations may authorize owner-user inspectors exclusively employed by owner-user inspection organizations to perform inspections of pressure retaining items. An additional purpose of this bill, which affects Hawaiian Electric and our customers indirectly, is to extend the time from ten to thirteen years for the Director to reimburse the general fund from the Boiler and Elevator Revolving Fund.

Clarifying the ability of the Director to authorize owner-user organization inspections will provide consistency between the Hawaii Revised Statutes and the current Hawaii Administrative Rules, which allow for owner-user organization inspections.

Hawaiian Electric, in accordance with the current Hawaii Administrative Rules, has been a National Board of Boiler and Pressure Vessel Inspectors Accredited and

State of Hawaii Authorized Owner-User Inspection organization employing National Board commissioned boiler and pressure vessel inspectors for over 22 years, since 1998.

Owner-user inspectors employed by Hawaiian Electric are certified by the National Board of Boiler and Pressure Vessel Inspectors to the same standards as Insurance Company Special Inspectors and State of Hawaii Jurisdictional Inspectors. The owner-user inspection organization provides consistent inspection personnel who are intimately familiar with the boilers and pressure vessels being inspected (including past operating and repair history). As company employees, the inspectors are readily available for inspections and consultations, improving Hawaiian Electric's ability to serve our customers. The inspectors maintain a professional relationship with the State of Hawaii Boiler and Elevator Safety Branch which results in clear expectations, better communication, and problem resolution.

In the 22 years since accreditation as an owner-user inspection organization, Hawaiian Electric inspectors commissioned by the National Board have successfully conducted hundreds of boiler & pressure vessel internal and external inspections and filed the requisite reports/fees to the State. Operating permits were then subsequently issued by the State.

Loss of Hawaiian Electric's authorization to operate as an owner-user inspection organization would result in increased costs to the company to comply with state rules and regulations as well as increased workload for the Hawaii State Boiler and Elevator Inspection Branch.

Hawaiian Electric supports the extension of time to reimburse the general fund from ten years to thirteen years since failure to do so could necessitate fee increases for

all Boiler and Elevator Branch customers to make up for the budget shortfall. These fee increases would then be passed on to the end-user through product price increases.

Accordingly, Hawaiian Electric strongly supports SB3126. Thank you for this opportunity to testify.