

JOSH GREEN, MD  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR



JADE T. BUTAY  
DIRECTOR

DEPT. COMM. NO. 164  
WILLIAM G. KUNSTMAN  
DEPUTY DIRECTOR

STATE OF HAWAII  
KA MOKU'ĀINA O HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
KA 'OIHANA PONO LIMAHANA  
830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813

December 12, 2022

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

The Honorable Scott K. Saiki  
Speaker and Members House of  
Representatives  
Thirty-Second Legislature  
State Capitol, Rm 431  
Honolulu, HI 96813

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

For your information and consideration, I am transmitting a copy of the Hawaii Occupational Safety and Health Division's (HIOSH) Boiler & Elevator Revolving Fund report for the fiscal year ending June 30, 2022, as required by section 397-13(c), 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,

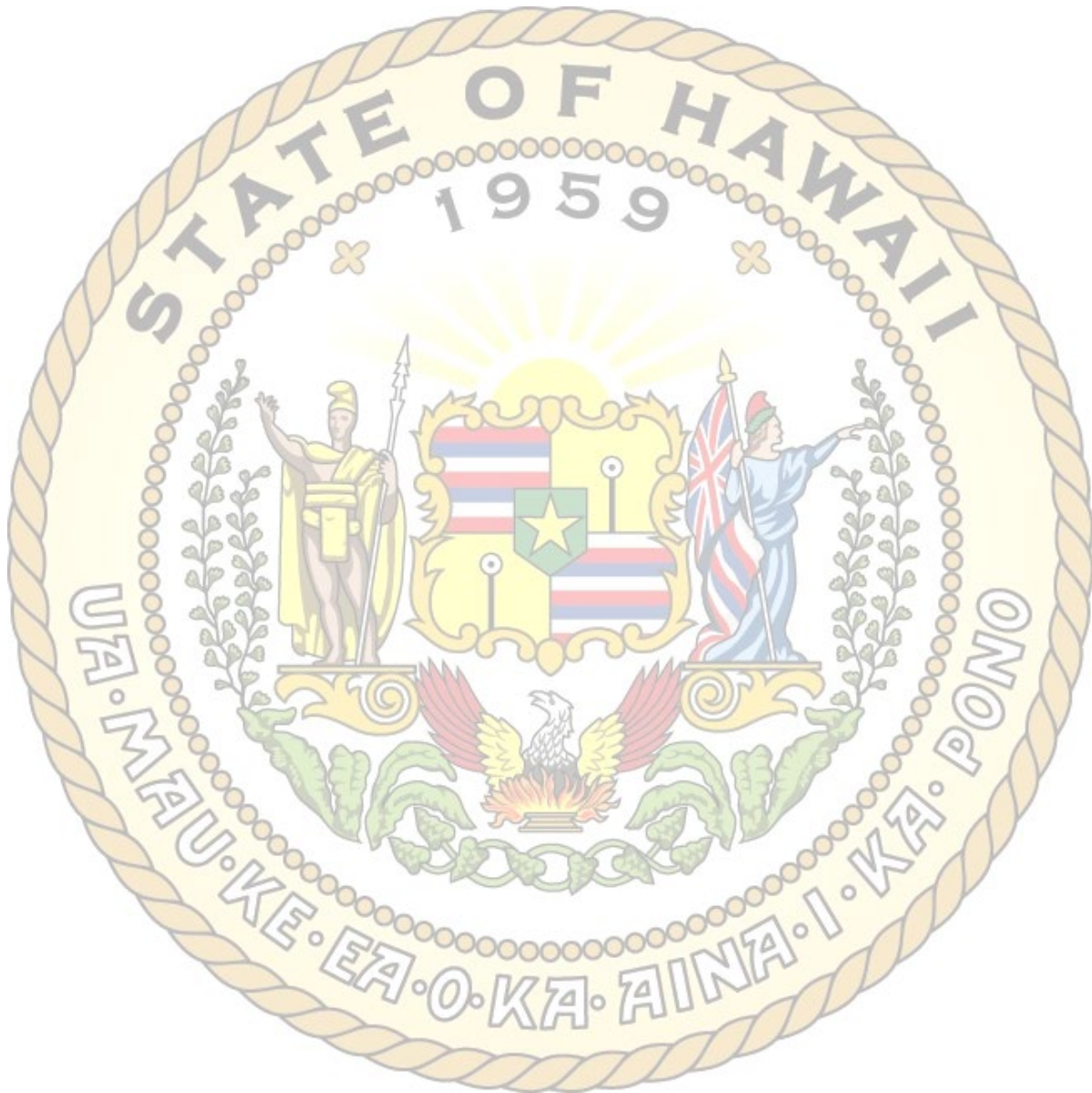
Jade T. Butay  
Director

Enclosure

c: Legislative Reference Bureau Library  
State Publications Distribution Center  
University of Hawaii

**BOILER AND ELEVATOR REVOLVING FUND**

**REPORT TO THE 2023 LEGISLATURE**



**Department of Labor and Industrial Relations**

**STATE OF HAWAII**  
**JOSH GREEN M.D, Governor**

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**  
**JADE T. BUTAY, Director**  
**WILLIAM G. KUNSTMAN, 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 Labor and Industrial Relations (DLIR), "...shall submit a report to the legislature on the status of the boiler and elevator revolving 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 performed 2,719 elevator inspections (of approximately 8,000 items) and conducted or accepted 5,580 boiler & pressure vessel inspections during FY2021-22. The COVID 19 Pandemic and the General Appropriations Act of 2021 (Act 88) combined to significantly impact the Branch's operations. Act 88 abolished the two Branch supervisors, one elevator inspector, and defunded two additional elevator inspectors. The 2022 Legislature refunded the two elevator inspector positions and the Branch redescribed a vacant elevator inspector position into an elevator supervisor. The Branch currently has nineteen authorized positions, down from twenty-two after the loss of three positions abolished in Act 88 (SLH 2021).

The Branch amended the Hawaii Administrative Rules (HAR) for the Elevator Section in 2014, 2016, 2019, and 2021. A major overhaul of the boiler rules became effective in 2019. The Branch is in the process of amending the administrative rules for both sections, which will entail the adoption of updated national consensus safety standards (codes).

The Branch received approval from Gov. Ige for a Special Project pursuant to § 76-11.6, HRS, for the Boiler and Elevator Technology Project. The project is designed to upgrade the Branch's technology systems and increase the productivity of operations. The project includes two new, exempt positions: a boiler technology

specialist and an elevator technology specialist. The branch manager has been temporarily assigned to the boiler position and recruitment is underway for the elevator position.

The Boiler Section is currently working on adopting the National Board of Boiler and Pressure Vessel Inspectors' JRS platform to replace the current system for managing boiler inspection workflow and database. The JRS system will enable the Boiler Section to plan work, perform inspections, enter inspection results, perform quality assurance, generate invoices, enter payment information, and generate certificates, all from one centralized system.

#### IV. **BUDGET**

The beginning balance of \$576,628 on July 1, 2021, has increased to \$954,217.40 on June 30, 2022.

##### Fiscal Year 2021-2022

Beginning Balance		576,628
Revenues	Fees, Interest	1,925,143.93
Expenditures	Incl. Loan Repayment	1,547,554.53
Loan Repayment		100,000
Balance as of 6/30/2022		954,217.35

The Branch made a \$100,000 loan repayment pursuant to 397-13, HRS, which reduces the remaining balance to \$150,000. Pursuant to Act 102 (SLH, 2022), DLIR has until June 30, 2025, to reimburse \$1,000,000 to the general fund and to date has deposited \$850,000. The Branch is in the process of revising the administrative rules for both boilers and elevators during FY2022-23, which will include fee increases to support the self-sustainability of Branch operations.