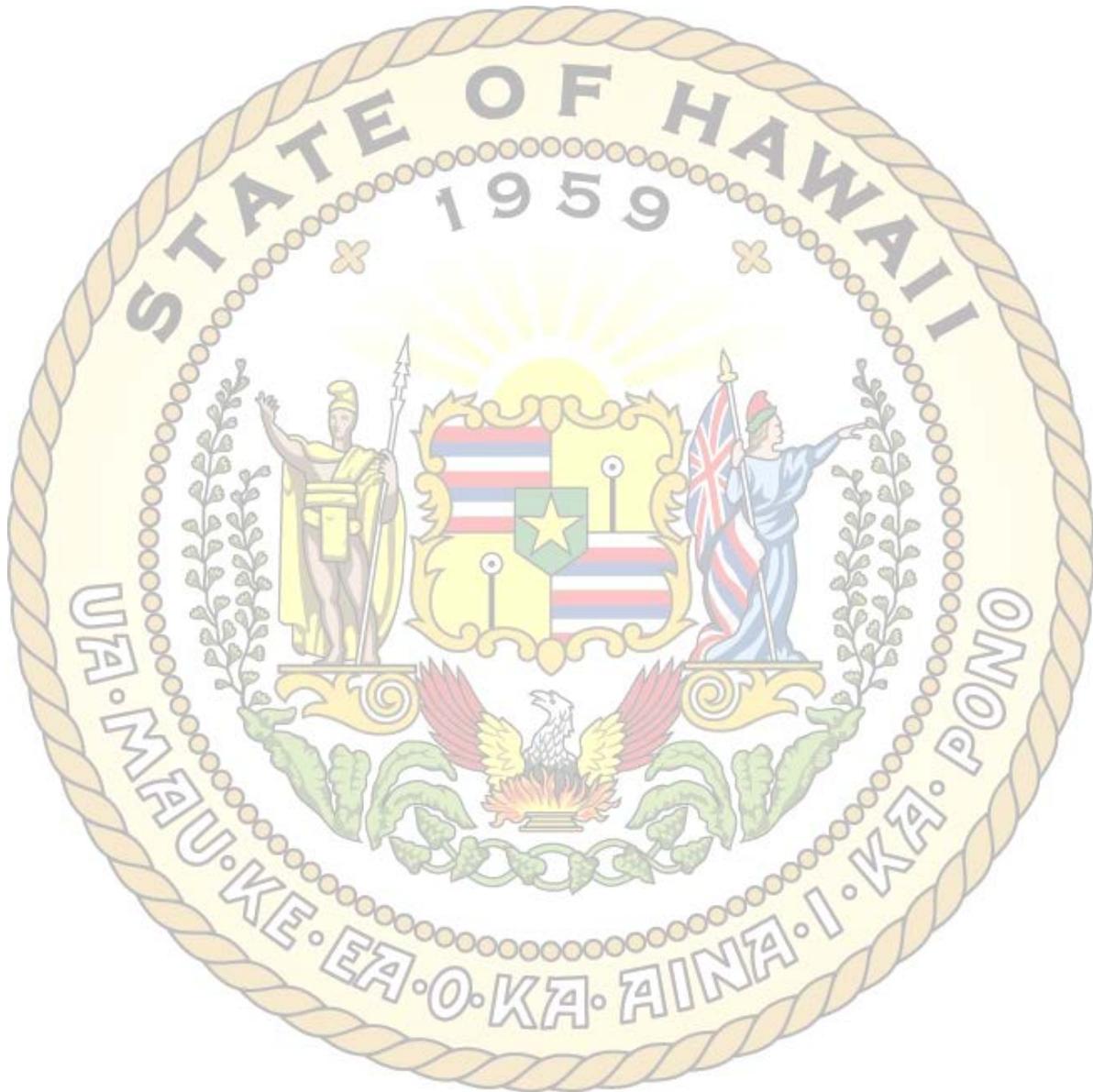


BOILER AND ELEVATOR REVOLVING FUND

REPORT TO THE 2022 LEGISLATURE



Department of Labor and Industrial Relations

STATE OF HAWAII
DAVID Y. IGE, Governor

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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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 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 became effective in February 2021.

The COVID 19 Pandemic, the absence of supervisors for the boiler and elevator sections, the abolishment of those positions as well as one elevator inspector, and defunding two additional elevator inspectors combined to significantly affect the Branch's operations. The Branch retained its three (3) boiler inspectors who covered much of the workload of third party insurance inspection agencies that were unable to travel to the islands due to the imposed travel restrictions within their companies and the state.

The Branch performed 3,285 elevator inspections (of approximately 8,000 items) and conducted or accepted 5,795 boiler & pressure vessel inspections inspections during FY2020-21.

IV. **BUDGET**

The significant increase of the boiler & pressure vessel inspection fees, a modest increase in elevator & kindred equipment fees, successful collection efforts of the Department of the Attorney General's Civil Recoveries Division on overdue invoices,

the over-all improvement of inspection productivity of the remaining inspectors, and the more efficient operations of the branch support staff contributed to the increase in revenue income. The beginning balance of \$211,249 on July 1, 2020 has increased to \$576,628 on June 30, 2021.

Fiscal Year 2020-2021

Beginning Balance		211,249
Revenues	Fees, Interest	2,081,553
Expenditures	Incl. Loan Repayment	1,716,174
Loan Repayment		50,000
Balance as of 6/30/2021		576,628

The Branch made a \$50,000 loan repayment pursuant to 397-13, HRS, which reduces the remaining balance to \$250,000. Pursuant to Act 186 (SLH, 2018), DLIR has until June 30, 2022 to reimburse \$1,000,000 to the general fund and to date has deposited \$750,000. The DLIR has developed a Legislative Proposal for inclusion in the Governor's Package to extend the general fund loan. The Branch intends to file a modest boiler inspection fee increase during FY2021 - 2022 to continuously support the self-sustainability of operations.

V. The General Appropriation Act of 2021

The abolishment of the supervisor positions, an elevator inspector position, and revolving fund appropriation for two additional elevator inspectors has adversely impacted the effective implementation of the Boiler & Elevator Law and potentially endangers the safety of the public.

The branch re-described and is recruiting for the Elevator Section supervisor and received approval for the re-funding of the two defunded elevator inspector positions in the Governor's Supplemental Executive Budget request.