BOILER AND ELEVATOR REVOLVING FUND

REPORT TO THE 2022 LEGISLATURE

Department of Labor and Industrial Relations
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 abolition 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 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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>211,249</td>
</tr>
<tr>
<td>Revenues Fees, Interest</td>
<td>2,081,553</td>
</tr>
<tr>
<td>Expenditures Incl. Loan Repayment</td>
<td>1,716,174</td>
</tr>
<tr>
<td>Loan Repayment</td>
<td>50,000</td>
</tr>
<tr>
<td>Balance as of 6/30/2021</td>
<td>576,628</td>
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</tbody>
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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.