



*BEFORE THE HOUSE COMMERCE & LABOR COMMITTEE
OPPONENT TESTIMONY ON HOUSE BILL 235*

Chairman Stein, Vice Chair Johnson, Ranking Member Lepore-Hagan, and members of the House Commerce and Labor Committee, thank you for the opportunity to provide testimony on House Bill 235 (HB 235). My name is Kevin Shimp and I am the General Counsel and Director of Labor and Legal Affairs for the Ohio Chamber of Commerce.

The Ohio Chamber is the state's leading business advocate, and we represent over 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness and growth for the benefit of all Ohioans.

In our efforts to champion economic competitiveness and free enterprise, the Ohio Chamber is opposed to HB 235 because it makes Ohio less competitive, increases regulation and compliance costs, hinders productivity, and diminishes the contracting rights of businesses in Ohio.

Under this legislation, Ohio's oil refineries become less competitive with those in other states because it places additional regulations on them that can result in increased compliance costs. For example, HB 235 requires owners of oil refineries to assure their contractors comply with strict guidelines dictating the type of individuals who are permitted to work at their facilities. To adhere to this government regulation, these Ohio companies will have to dedicate resources to record the education status and employment history of every individual who performs any construction work at their facilities. Moreover, they will also need to store what will likely be voluminous records for a minimum of three years. These compliance efforts will come at a substantial cost that oil refineries in other states do not face, which makes oil refineries located in Ohio less competitive.

The compliance costs created by these burdensome regulations also extend to the contractors themselves since they are required to submit quarterly reports to the Ohio Department of Commerce, which makes public the payroll records for all individuals who perform construction services. Likewise, contractors are required to disclose the total number of class A journeyman, class B journeyman, and apprentices who perform construction services including the percentage of the workforce that each classification of individual comprises on that project. These quarterly reporting requirements hinder the economic competitiveness of Ohio by subjecting employers to government regulations that drive up the cost of doing business in the Buckeye State.

HB 235 may also exacerbate Ohio's workforce shortages by limiting the pool of eligible individuals who can work at oil refineries in our state. Under HB 235, only individuals in registered apprenticeship

programs and individuals who qualify as either a class A or class B journeyman are eligible to perform construction services at any oil refinery in the state. These government imposed pre-qualifications will substantially reduce the labor market in this industry at a time when there are already more than 200,000 fewer Ohioans working today than before the pandemic according to the U.S. Department of Labor. The enactment of HB 235 will only add another hurdle businesses must overcome to address their workforce challenges.

Another result of a limited labor market for oil refineries is the negative impact it could have on a refinery's productivity and the availability of gasoline in the United States. According to the U.S. Energy Information Administration, the United States had 29 million fewer barrels of gasoline in December 2021 – a major product produced at oil refineries – than it did before the pandemic. At the same time, gas prices have increased from \$2.46 in February 2020 to \$3.32 in January 2022. These figures show policymakers should be seeking solutions that drive up the supply of gasoline, but unfortunately, HB 235 creates a new obstacle for American-produced gasoline by limiting who is eligible to work at an oil refinery in our state.

HB 235 also restricts the fundamental right to contract for owners of oil refineries and the contractors who work at these facilities. As proposed by the legislation, impacted owners can only contract with a company that employs individuals who meet the strict worker proportionality requirements contained in the legislation. Likewise, contractors can only enter into employment agreements and hire individuals who meet certain training requirements. This statutory infringement on the freedom of contract negatively impacts these businesses because it can shrink the number of companies that a refinery may enter into an agreement with, and it dictates to contractors what type of individual they must hire if they want to provide construction services at oil refineries.

Moreover, HB 235's requirement that the value of a contract and all payroll records of individuals providing construction services at refineries be disclosed to the Department of Commerce without excluding them from Ohio's public records laws renders confidentiality provisions contained in many contracts ineffective. HB 235 makes confidentiality provisions ineffective since any Ohioan – including a company's competitors – may file a public records request for the information contained in the reports required by the legislation.

Lastly, proponents of HB 235 have claimed this legislation seeks to make oil refineries safer, yet a plain reading of the legislation calls into question this motive. Under the legislation, it allows for the number of class B journeymen required to be employed by contractors at oil refineries to shrink from 55 percent to only 15 percent over a three-year period. As defined by the bill, class B journeymen are the most experienced workers with at least 10,000 working hours performing construction services at oil refineries, so it is contradictory to claim a bill is about safety when it permits fewer experienced workers to perform construction services the longer it is in effect.

In closing, the Ohio Chamber opposes HB 235 because its enactment will harm Ohio's economic competitiveness, increase regulations on businesses, create higher compliance costs for Ohio's oil refineries, and limit the contracting rights of Ohio companies.

Thank you for the opportunity to provide testimony today and I will be happy to answer any questions the committee may have.