



**Ohio House Commerce and Labor Committee
The Honorable Dick Stein, Chairman**

**Opponent Testimony
House Bill 235
Chris Zeigler | API Ohio
January 26, 2022**

Chairman Stein, Vice Chairman Johnson, Ranking Member Lepore-Hagan, and members of the Ohio House Commerce and Labor Committee, thank you for the opportunity to provide opponent testimony on House Bill 235 (H.B. 235).

As introduced, H.B. 235 creates a government mandated labor quota system that forces Ohio's four petroleum refineries to hire only contractors and subcontractors from an apprenticeable occupation in the building and construction trades. If passed into law, this legislation would prohibit refineries from hiring individuals who they know are best equipped to do the type of work required. House Bill 235 will jeopardize the safety of workers at Ohio's refineries, and the surrounding communities, while at the same time decreasing productivity and increasing the costs of manufacturing their products.

The American Petroleum Institute-Ohio (API Ohio) is the state affiliate office of the American Petroleum Institute (API), which is the only national trade association representing all facets of the natural gas and oil industry that supports more than 11 million U.S. jobs and is backed by a growing grassroots movement of millions of Americans. Our nearly 600 members produce, process, and distribute the majority of the nation's energy, and participate in API Energy Excellence®, which is accelerating environmental and safety progress by fostering new technologies and transparent reporting. The API was formed in 1919 as a standards-setting organization and has developed more than 700 standards to enhance operational, environmental and safety performance, efficiency, and sustainability.

API members are committed to protecting the health and safety of their workers and the communities in which they operate. To this end, the refining industry has made significant investments in programs, training, standards and practices, and equipment reliability that have led to occupational and process safety performance improvements. These investments continue as part of the industry's overall continuous improvement effort.

API member companies also must comply with federal, state and often local safety regulations. For U.S. refiners that includes, but isn't limited to, the Occupational Safety and Health Administration (OSHA), U.S. EPA, the U.S. Coast Guard Maritime Security (MARSEC) or U.S. Department of Transportation (DOT). In addition, API works with other groups such as the American Chemistry Council, American Fuel & Petrochemical Manufacturers and National Fire Protection Association on safety programs and standards, and other areas of common interest.

These efforts have proven effective in improving safety at refineries in the United States. In fact, refinery employees are more than six times less likely to be injured on the job than workers in the U.S. manufacturing sector overall, and the refining industry's rate has steadily declined over the past 27 years. The rate of job-related nonfatal injuries and illnesses has decreased from 3.5 per 100 full time workers in 1994 to 0.5 in 2020.^{1 2} The API is proud of its membership's ongoing commitment to occupational and process safety performance and improvement.

Given the industry's historic focus on employee, contractor and community health and safety, we are offended at the lack of factual evidence and data to substantiate the claims made by supporters of H.B. 235. Sponsors of the legislation allege that the bill will "establish minimum safety standards for construction work at oil refineries." Proponents of H.B. 235 shared anecdotes "from over twenty-five years ago,"³ comparing the operators of Ohio's refineries to "bookies in Vegas,"⁴ and suggested that Ohio's refinery facilities are like the "wild west."⁵ Yet no objective, verifiable data, has been offered to the committee to validate the reckless claims made by supporters of H.B. 235.

The bill's true intent centers on creating a labor mandate that establishes a new classification system for workers on construction projects, including planned regulatory, or inspection/maintenance/reliability driven projects known as turnarounds, at Ohio's four refineries. As written, the bill creates a new government-imposed quota system requiring refiners to only hire those who have completed a certified apprenticeship program, many of which are predominantly within construction unions' purview. It also requires refiners to maintain onerous compliance reports - tantamount to harassment - with outrageous \$10,000 per day, per employee fines should the mandates be violated.

Beyond the highly objectionable notion of a mandate – which we adamantly oppose – the stipulation to hire only workers who meet this new "eligibility requirement" at the state's four refineries creates a series of potentially significant business challenges. Among them, an increase in project costs that may result as the pool of eligible workers shrinks and the job bidding process is affected.

Refiners require flexibility to hire the safest and most experienced contractors for the highly specialized work within the refinery gate. Potential contractors are selected after a rigorous selection process that reviews their safety performance, management systems, and safety training programs. If these contractors are excluded, either by mandate or by changes to the bidding process, there is an increased likelihood that overall project costs and completion time would increase. Higher project costs can hurt the refining industries' competitiveness and future viability. However, our most significant concern is that any move away from hiring the most highly qualified and experienced contractors to complete the specific work that takes place in a refinery jeopardizes the health and safety of the refinery workers, potentially the contractors themselves and the surrounding communities.

¹ <https://www.bls.gov/iif/>

² <https://www.osha.gov/Establishment-Specific-Injury-and-Illness-Data>

³ <https://ohiochannel.org/collections/ohio-house-commerce-and-labor-committee>

⁴ <https://ohiochannel.org/collections/ohio-house-commerce-and-labor-committee>

⁵ <https://ohiochannel.org/collections/ohio-house-commerce-and-labor-committee>

Regardless of the size and scope of any construction project, Ohio's refiners' top priority is safely completed work. Whether choosing from a pool of apprenticeship-trained contractors, non-apprenticeship trained contractors, union workers or nonunion workers, Ohio's refiners need the flexibility to find and hire the most qualified to ensure their facilities are as safe as possible, and that everyone goes home to their families as healthy as when they came to work.

As written, however, H.B. 235 will forcefully insert the heavy hand of government into this process and mandate which workers can be hired at Ohio's refineries. Additionally, while the practices outlined in this bill currently only target Ohio's refining industry, similar legislation in other states has expanded beyond the legislation's initial target to encompass other industries such as petrochemical and agricultural sectors.

In closing, API Ohio opposes the employer mandates and the onerous reporting requirements in H.B. 235. The bill will jeopardize the safety of workers at Ohio's refineries, and the surrounding communities, while posing very serious challenges to the economic viability of the plants. House Bill 235 will eliminate the flexibility that Ohio refiners have relied on to protect their facilities. For the reasons provided, we respectfully ask the committee to oppose H.B. 235.

Thank you for allowing API Ohio the opportunity to present our opponent testimony on H.B. 235 and for the committee's consideration of our position on this legislation.