



March 19, 2023

Minnesota Senate Finance Committee

Subject: SF 10, Outside contractors required to have apprentice-level training to perform work at high-hazard facilities

Dear Members of the Senate Finance Committee:

The American Petroleum Institute (API) appreciates this opportunity to share our concerns with SF 10, which would require apprenticeship-level training for all outside contractors working at oil refineries in Minnesota.

API represents all segments of America's natural gas and oil industry, which supports more than ten million U.S. jobs and is backed by a growing grassroots movement of millions of Americans. Our 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 safety and well-being of our members' employees and contractors working in the downstream (refining and petrochemicals) portion of the industry, as well as those living in nearby communities is of utmost priority. This commitment is demonstrated by the safety performance record of the refining industry and the vast improvement made over the past three decades (see Figure 1). Companies' commitment to safety is further shown when comparing the refining industry to other industries (Figure 2 and Figure 3). Given these statistics across industries, it brings into question why the in-state refineries were targeted with this legislation.

In order to accomplish this consistent safety performance, companies must have the ability to select the right companies to do work in their facilities. This is done by selecting the safest and most experienced contractors – whether they be union or non-union. To do this, refineries use a number of selection criteria, including third-party firms to vet the contractors. Outside auditing firms, such as ISNetworld, collect a vast amount of information from contracting firms, including OSHA rates, insurance, Experience Modification Rates (EMRs), safety plan information, and management systems. This information is then utilized to pick qualified, experienced, and safe contracting firms.

Along with being highly regulated by a number of federal and state agencies, the refineries also utilize many API standards and recommended practices. API has over 100 of these documents that are applicable to refinery operations and maintenance. Additionally, some specific jobs/tasks the refineries require workers, whether union or non-union, performing them to have API certifications. Three examples are individuals performing inspecting pressure vessel, inspecting piping, or aboveground storage tanks. These three certification programs rise to the level of having received accreditation by the American National Standards Institute (ANSI).

Given the number of contract workers that can be onsite at any one time, there is concern that this provision will affect the availability of workers needed to perform highly-skilled tasks. This is particularly true when the refineries are performing large-scale maintenance on the process units. These are referred to as turnarounds and often involve a thousand contractors or more each day for several months. Limiting the contractor pool may very well result in less qualified contractors working in refineries or a delay to regularly scheduled maintenance.



It is also important to note that apprenticeship level training does not require industry-specific training. An electrical apprentice may have the skills and training to wire a house, but the skills and training needed to work in a large industrial setting, such as a refinery, are very different and more complex. It is in the best interest of the state, the surrounding communities, and the industry to hire the safest workers with the appropriate skills.

API views the use of contractors in the refining industry as a key role. Many contractors are onsite each and every day. Their safety and ability to go home to their families as healthy as they came to work is of utmost importance and concern. This partnership between the refineries and contractors, again whether union or non-union, is such that the refineries work with the contracting firms through regular meetings, performance reviews, safety meetings, and sharing information. This is all done with the goal of making the work and operation as safe as possible.

An additional concern is the relatively short effective date of October 15, 2023. Requiring refineries to replace non apprenticeship-trained contractors with apprenticeship-trained contractors would result in the immediate loss of hundreds of jobs. Contractors that have been working inside the refinery for years without incident would be terminated through no fault of their own. To regain the position they formerly held, they would be required to move to a new contractor company and spend years in a basic-level certification program at much lower wages. In normal times, this is a short time period. With the additional unknowns of the current pandemic and impacts it has had on availability of contractors, the October 15, 2023 date will be even more cumbersome and will most likely result in a need for a number of out-of-state workers, to the detriment of the current in-state contractors.

Again, API views union and non-union employees and contractors as vital to the industry. Of critical importance is the ability to utilize highly skilled and safe workers.

Thank you for this opportunity to provide input and share our thoughts and concerns.

Sincerely,

Mike Karbo
Associate Director – Midwest Region
American Petroleum Institute

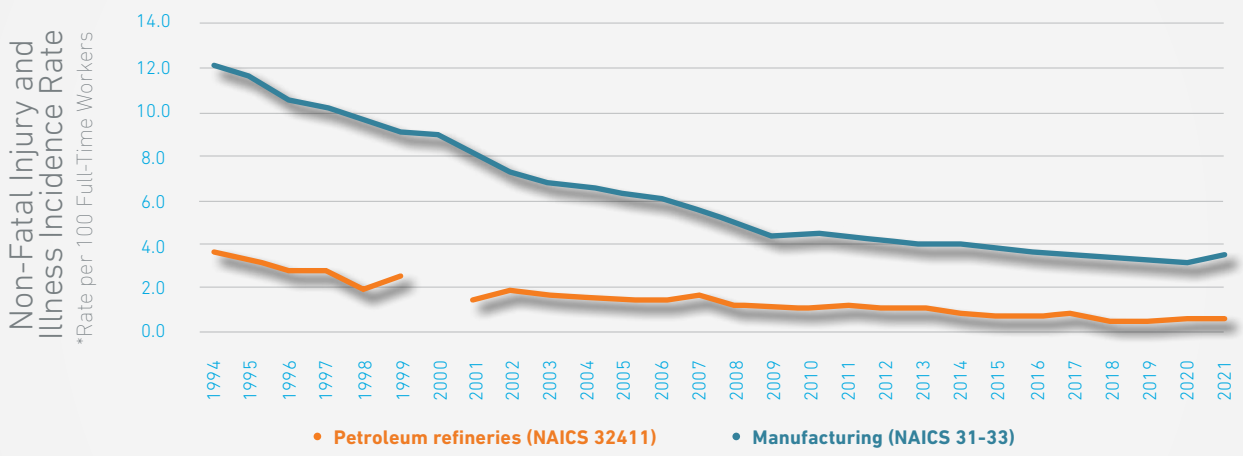
SAFETY BY THE NUMBERS



DOWNSTREAM

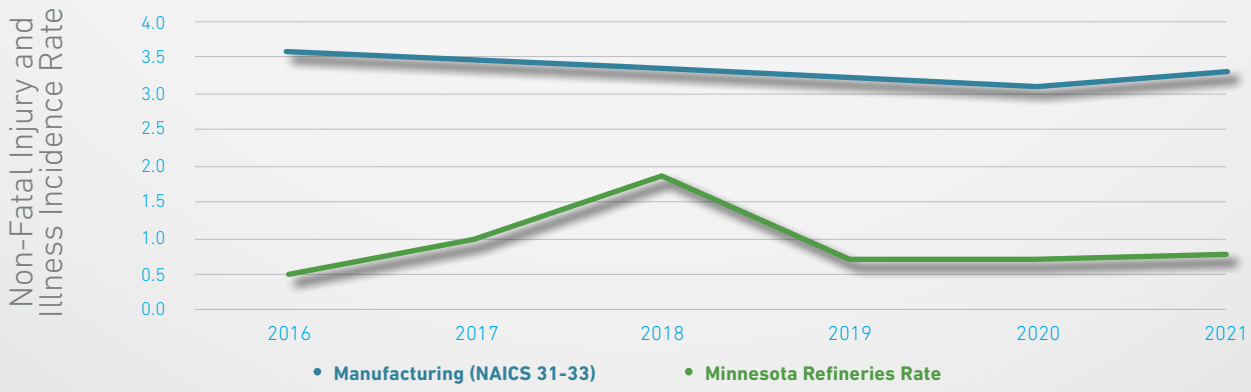
The U.S. oil and natural gas industry considers safety its top priority and is committed to developing the technologies, standards, best practices and programs needed to help ensure that workplace safety is at the forefront of its activities. The BLS Survey of Occupational Injuries and Illnesses demonstrate the Downstream sector's commitment to safe and healthy working environments.

U.S. Refining Industry Radically Reduced Injuries PAST 28 YEARS*



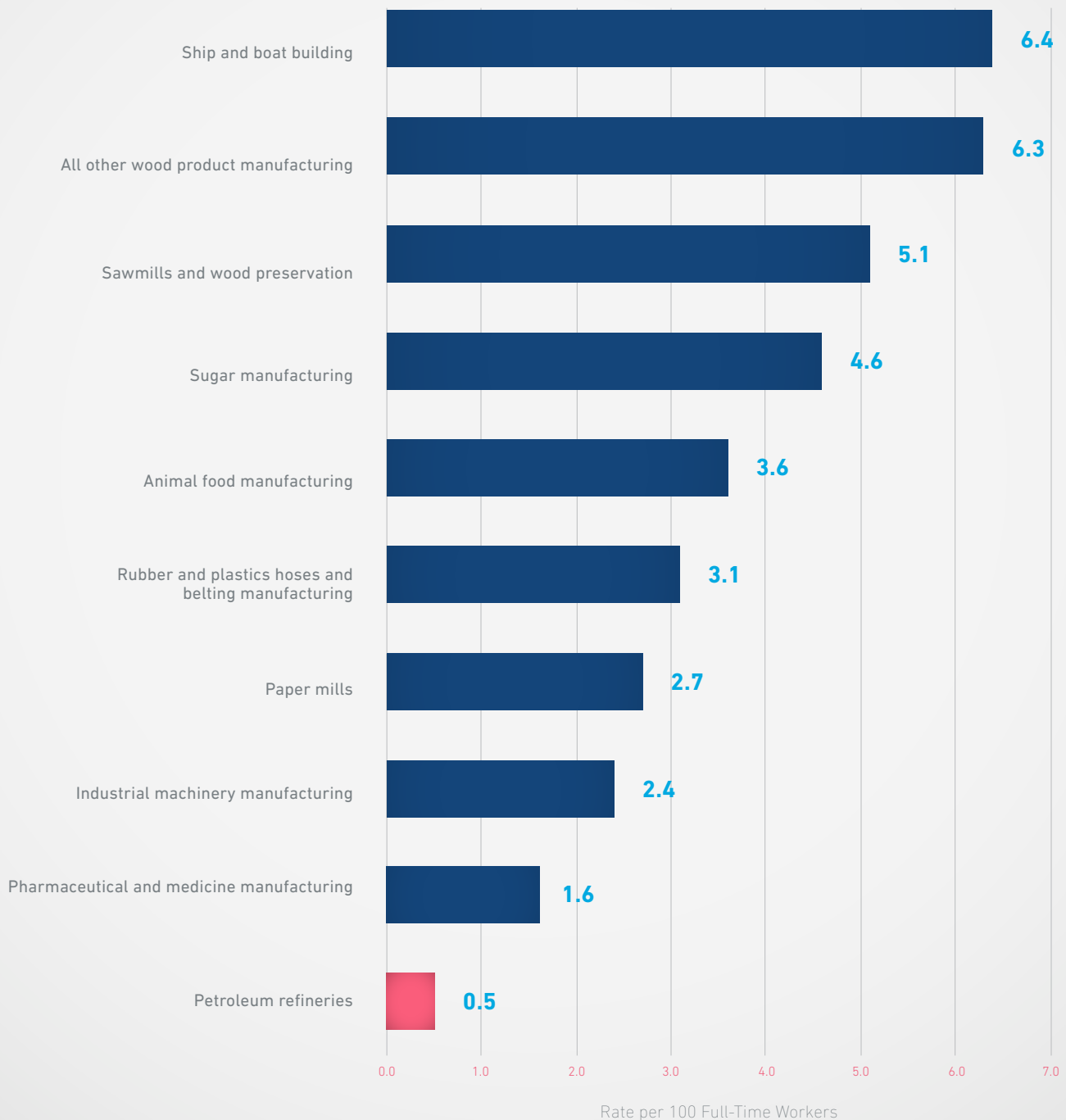
The BLS did not publish the rate of job-related nonfatal injuries and illnesses for the petroleum refining industry for 2000 because it did not meet BLS publication guidelines.

Minnesota Refinery OSHA Rates



Source: Bureau of Labor Statistics, Survey of Occupational Injuries and Illnesses Data (1994 – 2021), Summary Table 1; OSHA's Establishment Specific Injury and Illness Data, Injury Tracking Application (2016-2021), 2021 data reported through 08-29-22.

Incidence Rates of Non-Fatal Injuries and Illnesses Among Manufacturing Sectors



Incidence Rates of Non-Fatal Injuries and Illnesses Across Sectors

PER 100 FULL-TIME EMPLOYEES

