



## Marathon Petroleum Company LP

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Dear Chair Nelson and Members of the House Labor and Industry Finance Policy Committee,

Marathon Petroleum Corporation (MPC) is a leading, integrated, downstream energy company headquartered in Findlay, Ohio. The company operates the nation's largest refining system. MPC's marketing system includes branded locations across the United States, including Marathon brand retail outlets. MPC also owns the general partner and majority limited partner interest in MPLX LP, a midstream company that owns and operates gathering, processing, and fractionation assets, as well as crude oil and light product transportation and logistics infrastructure.

Our St. Paul Park Refinery (SPPR) is located along the Mississippi River and part of the Twin Cities community. Originally built in 1939, it has a crude oil refining capacity of 105,000 barrels per calendar day (bpcd). The refinery manufactures gasoline, distillates, asphalt, heavy fuel oil, propane and refinery-grade propylene, which is produced using sweet crude from the Bakken region in North Dakota as well as various grades of Canadian sweet and heavy sour crude. Products are delivered from the refinery by pipeline, truck, rail, and barge.

We are proud to share that SPPR earned the Minnesota Safety Council Governor's Safety Award in Occupational Safety—Award of Honor in 2021. In 2022, the refinery was awarded the Distinguished Safety Award from the American Fuel and Petrochemical Manufacturers (AFPM). This is AFPM's highest honor for achieving a sustained, exemplary level of safety performance and SPPR is one of only four refineries nationwide to receive this award.

Thank you for the opportunity to comment on Senate File 10. SPPR is one of the two refineries affected by the bill in this state. MPC opposes this legislation due to our concerns about its unintended consequences, including its legality, reduced flexibility to meet operational needs, the potential for reducing jobs for Minnesota residents, and the negative safety implications for our operations. These issues are outlined below, and MPC is asking for careful consideration, especially with the thresholds being per contractor rather than contractor workforce.

First, SF 10 is preempted by the National Labor Relations Act, which protects the rights of employees to either engage in or refrain from union activity. SF 10 requires that 30 – 60% of a contractor's workforce be apprenticeship-trained. **For an apprenticeship program to formally register in this state, Minnesota statute requires a written statement from the union specifying that it has no objection to the registration.** See MN Stat. § 178.035; 29 C.F.R. § 29.3(j).

On these grounds, the unions determine which programs can qualify as state registered apprenticeships. With the bill requiring a certain percentage of apprenticeship-trained contractors and with the union deciding which programs qualify as apprenticeships or not, SF 10, in effect, prevents workers from choosing to refrain from union activity by eliminating non-union employers' ability to serve as a refinery contractor.

At Marathon's St. Paul Park Refinery, the embedded contractor shops are either union or non-union. With the bill mandating a certain percentage of apprenticeship-trained workers per contractor, we would have to replace our experienced merit shop contractors (consisting of 0% apprenticeship-trained workers) with a union shop (100% apprenticeship-trained workers) resulting in loss of employment for those workers. The conflict with the NLRA as



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well as the loss of employment could be alleviated if the percentages were calculated to be for the total workforce or total manhours worked, rather than percentages of workers per contractor.

MPC views the use of contractors, both union and non-union, at our facility as a true partnership, underscored by a strong commitment to safety from each party Marathon truly values. Trading skilled and experienced workers for those with less training simply because they attended an apprenticeship program is an inherent safety risk.

Another point of consideration would be that SF 10 is preempted by the Employee Retirement Income Security Act (ERISA), which provides that it “shall supersede any and all State laws [that] relate to any employee benefit plan[,]” which, as defined by ERISA, includes an apprenticeship program. As previously stated, SF 10 mandates the use of an apprenticeship program registered with a state agency for a majority of contract workers, which means that it mandates the use of certain types of employee benefit plans. Because SF 10 mandates use of certain types of employee benefit plans, it limits the choice of employee benefit plans otherwise allowed and available under ERISA. Our position on this issue is supported by the law in the 8th Circuit which has found preemption in a similar situation.

While there are clear concerns around the legality of the bill, there are broader consequences the committee should consider. The bill could lead to contractor shortages, eroding refineries’ operational excellence by negatively impacting current and future facility workforces. Specifically, the bill sets a precedent of the legislature mandating who private businesses can hire, and reduces refineries’ abilities to choose the safest, most technically-advanced contractors to meet operational needs. As such, this legislation would negatively impact SPPR’s current contract employees who would not meet this requirement, and their families that call Minnesota home, as well MPC’s ability to ensure the best future workforce possible to meet our commitment to safety.

As of March 10, 2023, the U.S. Bureau of Labor Statistics reported an unemployment rate of 3.6%, which is one of the lowest levels of the past 20+ years. This rate is indicative of the fact that the U.S. is reaching full employment and few are being left out. It has and continues to be difficult to staff maintenance and major projects in the state of Minnesota. This bill not only limits the ability to hire the safest and specifically-trained contract companies, it also jeopardizes availability of Minnesota workers to meet the demands of in-state refineries.

SPPR averages just under 150 contractors per day during normal time periods. During labor-intensive maintenance periods, such as turnarounds, that number has peaked at over 1,300 workers on site, depending on turnaround scope. It is challenging to fill more specialized positions currently, and by shrinking the available labor pool through the limitations put forth in this bill, planned mechanical maintenance that is critical and integrity-driven may be delayed due to lack of available workforce. Further, unplanned (emergency) maintenance could be jeopardized by a limited number of contract workers. This could decrease safety at refineries and could require many apprenticeship-trained workers to be brought in from out of state to both meet the requirement and uphold safety levels that currently exist. This forced transition creates inherent safety risks.



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Additionally, there are identified highly skilled crafts that do not have apprenticeship-level training available, nor does apprenticeship-level training include industrial-specific training. In certain situations, the wide scope of this bill would require that refineries hire contractors with less specialized apprenticeship training over contractors that employ skilled craftsmen with decades of experience in a particular trade. This trade-off could result in the loss of hundreds of current jobs held by Minnesotans in and around our community. Trading skilled and experienced workers for those with potentially less training simply because they attended an apprenticeship program is an inherent consequential safety risk.

Thank you for your consideration of these points. Although MPC strongly opposes the passage of this bill in its current form, we look forward to continuing conversations and efforts to make this bill workable for Minnesota refineries, employees, and citizens.