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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

H.B. 380
133rd General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Cross and Sweeney

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SUMMARY

- Requires owners of commercial and public construction projects to pay contractors within 35 days after receiving a request for payment.
- Applies 18% annual interest to payments not timely made.

DETAILED ANALYSIS

The bill adds provisions to Ohio's Prompt Pay Act (R.C. 4113.61), which concerns payment timelines for construction projects aside from those involving one-, two-, or three-family dwellings.¹ The new provisions require the owners of construction projects to pay contractors within 35 days of a request for payment.

The Prompt Pay Act, in its current form, does not contain provisions requiring prompt payment to contractors from project owners. It only addresses payments amongst contractors, subcontractors, material suppliers, and laborers. The bill does not change these provisions.

Under continuing law, failure by a contractor, subcontractor, or material supplier to pay a subcontractor or material supplier that has made a timely request for payment the amounts due, within ten days of the contractor, subcontractor, or material supplier receiving payment, results in the accrual of 18% annual interest. Laborers must also be paid within ten days of the receipt of funds by a contractor or subcontractor, but laborers need not make a request for payment for interest to begin accruing after ten days pass after the contractor or subcontractor receives payment.² If 30 days elapse after the ten-day deadline, continuing law also allows the

¹ R.C. 4113.61(C).

² R.C. 4113.61(A)(2) to (6).

party owed payment to bring a civil action to recover the amount due, interest, and attorney's fees.³

The bill's new provisions require an owner that has received a written request for payment from a contractor, for an amount allowed under the contract for properly performed work or furnished materials, to make payment within 35 days after receiving the request. Similar to the continuing provisions payments by and amongst contractors, subcontractors, material suppliers, and laborers, amounts may be withheld as authorized by law, for retainage as provided in the contract, and as necessary to resolve disputed liens or claims involving the work, labor, or materials. If the owner fails to pay as required within 35 days, interest begins to accrue at 18% annual interest. If 30 days elapse after the 35-day deadline, the bill allows the contractor to bring a civil action to recover the amount due, interest, and attorney's fees.⁴

HISTORY

Action	Date
Introduced	10-23-19

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³ R.C. 4113.61(B).

⁴ R.C. 4113.61(A) and (B).