

House Bill 68 Proponent Testimony of Dan Shuman

Senate Workforce and Higher Education Committee

February 9, 2022

Chairman Johnson, Vice-Chair Cirino and Ranking Member Williams, thank you for the opportunity to testify as a proponent for House Bill 68. My name is Dan Shuman and I serve as the Secretary of the Mechanical Contractors Association of Ohio. My company is Speer Mechanical. We have been a mechanical contracting firm in Central Ohio for over eighty-five years. I am here to voice my support for this critical legislation.

As a specialty contractor, sometimes I work as the prime contractor directly with the owner and sometimes I work as a subcontractor to a prime contractor. Regardless of the situation, timely payment for the work I complete is directly dependent on the owner's timeline. Sometimes we wait sixty, ninety, or even one hundred and twenty days after we successfully complete a project to receive this payment.

Construction is unique in that twenty-five to fifty percent of our total contract amounts are for skilled labor. My employees must be paid weekly and their health and retirement benefit payments must also be paid weekly. I'm sure you can imagine how long my employees would keep showing up on the jobsite to perform the work without pay.

In addition to the labor costs, we also have equipment costs that must be paid within thirty days after we receive delivery of that equipment on the project. If I held those payments, the equipment would quickly be removed from the site.

We are therefore put in the unfortunate position of essentially serving as the financing for these multi-million dollar construction projects as small businesses. Even the strongest companies struggle to do this. There's no line of credit that can withstand the pressure of this trend if it happens on multiple projects at once. These delays can crush a contractor in a matter of months as cash flow lags and the financial situation spirals out of control.

We are thankful for the current prompt pay statutes that cover public projects. I feel strongly that Ohio businesses and their workers could also benefit from a similar law that governed private sector payment. House Bill 68 is a straight-forward solution to making all of Ohio's payment laws consistent and clear.

I would like to thank Representatives Cross and Sweeney for not only being open to hearing from contractors like me that are struggling with these issues, but for also having the integrity to make an impact on the issue by introducing this important legislation.

Thank you again for the opportunity to testify on this bill. I urge the committee to support House Bill 68.