

House Bill 68
Proponent Testimony
National Electrical Contractors Association

Chairman Johnson, Ranking Member Williams and members of the Senate Workforce and Higher Education Committee:

My name is Jason Walden and I am Executive Director of the North Central Ohio Chapter of the National Electrical Contractors Association (NECA), a former NECA contractor and current proud member of IBEW Local ##. NECA represents closed-shop, union electrical contractors throughout Ohio and the country. Our members are subcontractors who perform primarily commercial and industrial work. We are small businessmen and women who install electrical systems in everything from schools, to sports stadiums to the Statehouse. NECA is proud to support House Bill 68 and thanks Representatives Cross and Sweeney for their introduction of this important legislation.

As was discussed extensively in sponsor testimony, HB 68 closes a gap in Ohio's prompt pay statutes to require prompt payment between private owners of construction projects and their general contractors. State law already addresses payments between general contractors, their subcontractors and lower tier subcontractors on private work, and already addresses payments at every level of public work. Thus, arguments that this is somehow an intrusion of government into private business ring hollow, as statutes already exist to address prompt pay in other situations.

The need for this legislation is fairly self-evident. Contractors need to be paid for the work they have completed. What might surprise you, however, is to know what a low margin business construction is. Any delay in payment puts most small and even medium sized contractors at significant risk to meet basic business expenses like payroll and

materials. Perhaps equally significant is its impact on future jobs. Estimating and bidding construction projects is a time consuming and expensive proposition. With money being withheld for work that has been completed, contractors find themselves with little resources to pursue their next project. In that regard, HB 68 is really about economic development, keeping contractors bidding on new work, and maintaining and growing their workforce.

Everyone in the construction industry is thrilled when new data centers, warehouses, or other large building projects are brought to Ohio. The recent Intel announcement represents a watershed moment for Ohio and we should all be proud. However, large out of state companies should not be allowed to abuse the contractors they select for these projects by withholding payment for completed work for 90 days, 180 days or even more.

NECA urges your support for HB 68, as it is truly a pro-small business, pro economic development bill. Mr. Chairman this concludes my remarks. Thank you for the opportunity to offer testimony on behalf of NECA.