



Ohio House of Representatives
Commerce and Labor Committee
Mark Johnson, Chairman
June 20, 2023
HB 203 Proponent Testimony

Chair Johnson, Vice Chair Manchester, and Ranking Member McNally, Good afternoon. My name is Bryan Williams. I am here to support the passage of HB 203 on behalf of the Associate Builders and Contractors of Ohio (ABC of Ohio).

ABC of Ohio is an organization dedicated to fair and open competition in the commercial construction arena. Our three Ohio chapters represent over 800 companies and their estimated 25,000 employees.

HB 203 represents an extension of the current Prompt Payment Act which has proven to be an effective tool in facilitating the proper and prompt payment of subcontractors and suppliers in the public construction industry. We believe this law has reduced the number of disputes and litigation.

On occasion, some private construction owners have asserted their superior position by withholding – *or significantly delaying* - payments for properly completed work, with the only recourse being litigation. Litigation forces contractors to incur legal fees and expenses just to secure payment. The cost of this exposure and litigation is then included in future unrelated bids, thereby increasing the cost of construction in Ohio.

Ohio presently has a “prompt pay” requirement which requires general contractors to pay their subs and suppliers within thirty days of properly completed work. This requirement puts general contractors in a potential bind. If a buyer delays payment for properly completed work, beyond thirty days, the general contractor becomes a banker - as well as the builder. This is unfair and potentially detrimental to the economic stability of the general contractor and their ability to pay their employees.

Now you might say, if you do not like the terms of the contract, don't bid. This too does damage to our economy by limiting the number of companies who can affordably risk bidding to only the largest companies. The absence of a prompt pay statute for general contractors limits the cultivation of smaller and midsize contractors.

HB 203 does not outlaw the buyer's ability to delay payment. It requires the buyer to pay an 18% interest to the builder when the buyer delays payment for properly completed work beyond thirty days. When a buyer turns their builder into a banker, it is fair and wise to require the buyer to pay interest on that unplanned “loan.”

ABC prefers free market solutions to excessive government intrusion. HB 203 is not excessive government intrusion. HB 203 completes the loop created when we adopted the subcontractor prompt pay law.

By passing HB 203, you

- Increase market stability.
- Reduce fiscal exposure for contractors and their employees.
- Foster increased bidding competitiveness for small and midsize businesses.
- Reduce litigation and the burden on Ohio courts.
- Prevent future, unrelated projects, from incurring the costs of previously delayed payment and litigation costs.

Thank you for your consideration of HB 203 and ABC of Ohio's supportive position.