



**Representative Ty Mathews**

House District 83

Small Business Committee, Sponsor Testimony on House Bill 568

November 12<sup>th</sup>, 2025

Chair Ghanbari, Vice Chair Dean, Ranking Member Upchurch, and members of the committee:

This bill addresses retainage practices in private construction. Under current law, there is no limit on how much retainage an owner can withhold from a contractor or subcontractor. House Bill 568 sets a reasonable cap of five percent for private construction projects valued over one million dollars.

The goal is to promote fairness and improve payment practices. Excessive retainage can create cash flow problems for contractors, subcontractors, and material suppliers who have already completed their work. A five-percent limit ensures timely payment while still protecting owners' interests in project quality and completion.

Several other states have implemented similar policies with positive results. Texas, Florida, North Carolina, and Minnesota all have statutory limits on retainage in private projects, generally between five and ten percent. These states have shown that limiting retainage does not reduce project quality or increase risk for owners. Instead, it provides greater financial stability across the construction sector and reduces disputes over payment.

House Bill 568 is a practical step to align Ohio with these best practices, supporting a stronger and more efficient construction industry.

I appreciate the committee's consideration and respectfully ask for your support of House Bill 568. I would be happy to answer any questions.