



OHIO CHAMBER OF COMMERCE

**Rick Carfagna, Senior Vice President
Ohio Chamber of Commerce
*Proponent Testimony – House Bill 568
November 18, 2025***

Chair Ghanbari, Vice-Chair Dean, Ranking Member Upchurch, and members of the House Small Business Committee, thank you for the opportunity to proponent testimony on House Bill 568. My name is Rick Carfagna and I am Senior Vice-President of Government Affairs for the Ohio Chamber of Commerce.

For 132 years, the Ohio Chamber has served as the state's leading business advocate and represents over 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness, and growth for the benefit of all Ohioans. The Ohio Chamber supports House Bill 568 because it institutes reforms that will promote greater economic activity in our state's construction industry.

The construction industry is foundational to Ohio's economy as it builds the facilities, infrastructure, and housing that attract investment and support our communities. However, because Ohio law lacks a reasonable limit on retainage in private construction contracts, construction companies often face cash flow and other challenges inhibiting their ability to bid on new jobs. The absence of a retainage limit often means project owners withhold 10% or more of a contract's value until a project is complete, which can become millions of dollars on mega project sites.

House Bill 568 addresses this issue by setting a 5% cap on retainage for new private construction contracts that exceed \$1 million. This cap aligns private sector limits with public construction contracts because Ohio law already restricts the retainage amount in public work contracts. Additionally, the new 5% cap will provide construction companies with the financial predictability needed to successfully grow their businesses by allowing them to access capital owed to them sooner. That capital will enable more construction contractors to invest in workforce training, new equipment, and to take on new projects sooner.

Importantly, the Ohio Chamber believes this legislation strikes the appropriate balance between ensuring construction companies have access to capital while simultaneously protecting the interests of project owners. The 5% cap still provides project owners with a substantial guarantee that a contractor will complete their work, since retainage amounts can often reach millions of dollars on larger projects.

Furthermore, House Bill 568 still allows project owners to withhold retainage amounts until they determine the contractor has performed all work as required by the contract's terms. That protection, along with project owners maintaining the ability to set other commercial terms in the construction agreement - including the project's payment schedule, specifications for materials, and penalties for delays - ensures that project owners can still seek remedies and hold construction companies responsible if a job is not completed in accordance with the contract.

In closing, the Ohio Chamber urges this committee to favorably report House Bill 568. We believe this proposal takes a meaningful step toward improving Ohio's economy by putting more capital into the hands of Ohio's business owners through reasonable retainage amounts. At the same time, it preserves the important contracting rights of project owners.

Thank you for the opportunity to testify and I welcome questions from the committee.