

November 19, 2025

The Honorable Haraz Ghanbari
Ohio House Small Business Committee
1 Capitol Square
Columbus, OH 43215

RE: House Bill 568 (To limit retainage in certain private construction projects)

Chair Ghanbari, Vice Chair Dean, Ranking Member Upchurch, and Members of the House Small Business Committee:

Thank you for the opportunity to provide proponent testimony on House Bill 568 on behalf of the Ohio Business Roundtable, a statewide business association comprised of CEOs and Presidents of the top companies in the state. We currently have over 125 members, collectively employing over 600,000 Ohioans and generating revenue of more than \$2.5 trillion, which contributes significantly to Ohio's economy.

HB 568 proposes a reasonable and much-needed reform: establishing a 5% cap on retainage for private construction contracts. This is a common-sense modernization that strengthens Ohio's business climate, provides predictability for contractors, and ensures our state remains competitive with others that have already updated their laws.

Retainage was intended to ensure accountability and project completion, but in practice it often ties up capital that contractors, especially small and mid-sized firms, need to purchase materials, pay employees, and reinvest in their operations. A reasonable 5% limit strikes the right balance—it preserves owners' ability to protect their interests while freeing up cash flow that supports Ohio jobs and economic growth.

HB 568 maintains all existing legal safeguards for owners to address legitimate disputes, and it follows a proven model already adopted by at least 15 other states, including Tennessee, Nevada, Utah, and Mississippi. Aligning Ohio with these states ensures our contractors are not at a competitive disadvantage.

Importantly, this reform benefits far more than the construction industry. When contractors are paid in a timely and predictable manner, they reinvest in Ohio suppliers, hire skilled workers, and strengthen local economies. Modernizing our retainage laws will have ripple effects across manufacturing, logistics, professional services, and the thousands of small businesses that support construction activity.

Ohio has made tremendous strides in becoming a national leader in business competitiveness, workforce development, and economic development. HB 568 is a simple but meaningful step that reinforces that momentum.

We respectfully urge the committee to advance this pro-growth legislation.

Thank you for your consideration.

Sincerely,

Nick Rhodes
Director of Policy & Special Projects
Ohio Business Roundtable