



## Central Ohio Chapter, NECA, Inc.

939 Goodale Ave., Ste. 204, Columbus, OH 43212

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

Thank you for the opportunity to offer written testimony for HB 568. The Central Ohio Chapter of the National Electrical Contractors Association represents more than 100 electrical contractors who employ nearly 10,000 electricians, and we would like to voice our strong support for the passage of HB 568 which is a common-sense bill. For contracts and subcontracts valued at \$1 million or higher, retainage would simply be limited to no more than 5 percent.

Retainage rates are used by owners of construction projects to ensure projects are completed as promised. An owner will withhold a certain percentage of the payment to contractors until the project has been completed. They then inspect the completed project to determine that the standards have been met. The problem our contractors have been facing is that many customers will use the smallest oversight as justification to withhold the last payments.

This issue has been exacerbated by the massive projects Ohio has attracted with contracts and subcontracts worth sometimes tens of millions of dollars. 10 percent of a contract that size being withheld can disrupt a contractor's ability to continue doing work, which can have a significant impact on other important projects and the state's economy. 5 percent is a reasonable limit that will retain the quality control originally intended with retainage while removing a drastic amount of financial strain for contractors around the state.

The contractors that are impacted by this policy are the ones that are essential for constructing the most vital projects for the evolution of the American economy. Energy grid expansion, data centers, next-generation manufacturing facilities, and semi-conductor plants are all dependent on various contractors. Simple retainage reform like HB 568 will ensure all contractors have stronger cash flow and are better capitalized to take on these critical projects throughout Ohio.

HB 568 is a pro-business piece of legislation that will benefit every contractor and subcontractor in Ohio. In recent years, some of the largest companies in the world have chosen Ohio for new sites because of the state's reputation of being an ideal location for businesses to grow and prosper. This bill will show that Ohio is ready to take on its next phase of economic growth.