



OHIO CHAMBER OF COMMERCE

BEFORE THE SENATE JUDICIARY COMMITTEE PROPONENT TESTIMONY ON SENATE BILL 157

Chairman Manning, Vice Chair Reynolds, Ranking Member Hicks-Hudson, and members of the Senate Judiciary Committee, thank you for the opportunity to provide proponent testimony on Senate Bill 157 (SB 157). My name is Kevin Shimp and I am an associate attorney at the law firm Dickinson Wright testifying on behalf of the Ohio Chamber of Commerce.

The Ohio Chamber is the state's leading business advocate. We represent over 8,000 companies that do business in Ohio, and our mission is to aggressively champion free enterprise, economic competitiveness and growth for the benefit of all Ohioans.

In our efforts to champion economic competitiveness, the Ohio Chamber supports SB 157 because it improves Ohio's legal climate by lowering the statute of limitation on oral and written contracts to two years and three years, respectively. This reduced period of time to bring contract claims will bolster Ohio's business climate because a common-sense system of civil liability is an important component of a fostering economic growth.

The pro-business reforms to Ohio's contract laws as proposed by SB 157 will benefit employers across the Buckeye State in a myriad of ways. First, defending against contract claims under Ohio's current six year statute of limitation can be a challenge because the availability of witnesses and records becomes problematic as more time elapses between the breach and the filing of a claim. SB 157 addresses this issue by encouraging litigants to bring their contract claims sooner, which results in greater certainty to businesses about their legal risks while also ameliorating the issues that arise when lawsuits are filed years after the action has accrued.

Shrinking the statute of limitation on contracts also helps improve Ohio's business climate and aids Ohio employers by lowering the potential risk of litigation. Under current Ohio law, employers face a prolonged period of liability for breach of contract actions due to the six year statute of limitation on written contracts. In fact, the increased risk of litigation exists even when a company has fulfilled its obligations under the agreement because the other party retains a right to file a breach of contract claim throughout the statutory limitation period regardless of how satisfactory performance may have been.

As a result of the longer statute of limitation, employers must account for this potential liability by putting money aside in reserve or by insuring the risk through commercial insurance products. These higher operating costs mean businesses may not be able to invest dollars to grow their business, train their employees on new skills, or support their community. The shorter statute of limitation also aids employers by limiting their document retention costs which can be a considerable expense due to the proliferation of electronic documents and e-discovery.

Senate Bill 157 also builds upon previous legislative efforts to address the uncertainty that result from an extended statute of limitation period. Prior to 2012, Ohio had one of the nation's longest timeframes to bring contract claims with a statute of limitation of 15 years. Thankfully, the legislature addressed this issue by enacting Senate Bill 224, which set 8 years as the statutory period to file contract claims. Almost a decade later, the legislature enacted Senate Bill 13 to lower the statute of limitation on written contracts to six years.

The Ohio Chamber is grateful for these past legislative efforts and believes SB 157 will reinforce these legislative enactments by facilitating quicker resolution of claims arising out of contracts. Importantly, the proposed 3-year statute of limitation is still longer than the time frame to file claims for employment discrimination (2-years), personal injury (2-years), product liability (2-years), intentional torts (1-year), and medical malpractice (1-year).

In closing, the Ohio Chamber of Commerce urges your favorable consideration of SB 157 because its passage means more certainty, lower costs, and an improved business climate for Ohio employers.

Thank you for the opportunity to provide testimony today, and I welcome any questions from committee.