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Senate Bill 125 Testimony

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Chairman Koehler, Vice Chair Reynolds, and Ranking Member Ingram and Members of the Senate Workforce Development Committee:

My name is Fred Horner, I am President and CEO of Advanced Industrial Roofing in Massillon, Ohio and have been in the roofing industry for 51 years. I am proud to have with me today my Vice President, and daughter, Kara Markley who is the future of our industry and has watched all of the trials and tribulations to grow a roofing company. As the child of a start-up business owner, she often heard conversations such as, “how will we make payroll,” and other problems we had growing our company in the early years. We employ over 100 people who perform industrial and commercial roofing projects and provide architectural sheet metal services. I am also the President of the Ohio Roofing Contractors Association. Kara’s Mom and I started our company at a small pink desk in our basement. Our company has grown over the years with hard work and effort. Advanced Industrial Roofing now provides over 100 people jobs that help their families, our region, and the state. We also participate in many charitable and civic causes. We are the kind of independent small business that keeps Ohio communities thriving.

ORCA represents hundreds of roofing contractors across Ohio who do the same great work both professionally and personally. We have a diverse membership of large and small, union and non-union contractors who perform all types of roofing in many different markets. As an association, we have been working for over thirty years to find a fair, efficient, and mutually beneficial commercial roofing licensing system for our members and for our customers. We strongly believe that Senate Bill 125 strikes the right balance.

As members of the NFIB, ABC and our local builders exchange, we would never work for any piece of legislation that would keep someone from starting and growing their own small business. We want true competitors. Competitors who pay their taxes, just like us. Competitors who pay their workers comp, just like us. Competitors who have insurance coverage and a basic understanding of the roofing codes.

Senate Bill 125 adds a commercial roofing license section to the existing specialty contractors licensing structure within the Ohio Construction Industry Licensing Board. My fellow members of the Ohio Roofing Contractors Association are confident that this well-tested, contractor-driven system will work well for the licensing of commercial roofing contractors. ORCA members know exactly what we are getting into since the OCILB has been operating effectively for almost twenty years.

Not only has the OCILB been an efficient way to manage licensing while protecting the general public through their oversight of licensed commercial contractors, but the OCILB’s efforts to enforce the law have also curbed destructive 1099 abuse across the currently licensed trades. By ensuring that all subcontractors working on a project are licensed appropriately, all of Ohio’s public and private commercial building owners and the contractors performing work on their projects benefit by having this mechanism to create a level playing field across this critical part of our economy. The true economic benefit of construction spending is not realized when employment fraud is allowed to continue unchecked in the system.

I’d also like to point out that the roofing profession has continued to become increasingly technical. The need to have qualified licensed contractors working on such a crucial part of any commercial building is very important. ORCA Members believe that licensing and continuing education will make Ohio’s public spaces safer and more efficient, especially for our critical first responders fighting fires or other disasters.

This bill provides an adequate system of grandfathering. It includes good oversight through a roofing section board that is required to have both union and non-union contractors equally represented. It is a financially reasonable licensing requirement at only \$60 per year with minimum liability insurance requirements of just \$500,000. To break that down, that is less expense a year than the average family's monthly phone and internet or a nice dinner out here in Columbus. The OCILB has shown time and again that they are good pro-business partners to their licensed contractors and to their related industry organizations.

There are NO obstructive or biased bonding requirements in this bill, as some other states have imposed. State licensing also protects contractors from municipalities that seek to limit competition or restrict new companies from working in their area. With a state-wide license, these municipalities can still charge their local fees and require their local registration, but they cannot deny entry to a new business to operate in their jurisdiction if that company has a state license number in place.

For all commercially licensed contractors - current, grandfathered or future -only one person per company must hold the license. That individual must assign the license to one company. So even in cases where the company has not grandfathered, only one person per company must test and maintain the continuing education requirement. Testing is currently done by a third-party contractor to the state at multiple locations in multiple languages. The questions are randomly chosen from a pool of questions approved by each industry-specific section board. These questions are on code issues and business practices. All of the information is available on the OCILB's website and there is an experienced and excellent full-time OCILB program staff to answer questions.

This bill creates an accessible and level playing field for large and small contractors alike, including those classified as independent contractors. If anything, it may be a detriment to our company to make a small up-start company look the same on paper as my business that's been in operation for over thirty-seven years. That is worth it to me if those contractors are allowed the same opportunity my family has had, to truly be a competitor in control of our own financial future and I feel blessed to be party of this industry.

Too many hard-working Ohioans are getting stuck in a system where they are taking all of the risk and some contract broker is raking in all the profits by calling them a contractor rather than an employee. We need to protect Ohio's tax base and its economic growth potential by stopping 1099 abuse. I welcome the competition! It keeps me on my toes. It's better for consumers – as long as it's fair competition and we all have to play by the same rules. Senate Bill 125 does just that, and I urge you to support it.

Thank you again for your time and consideration of this important bill. Valerie Pope, ORCA's Executive Director is here as well today in case you have any questions of a technical nature. We are happy to field any questions you may have at this time.