



**HOUSE COMMERCE AND LABOR COMMITTEE  
PROPONENT TESTIMONY ON H.B. 380**

**Presented on February 5, 2020 by:  
Andrea Ashley, Vice President of Government Relations  
Associated General Contractors of Ohio**

Chair Manning, Vice Chair Dean, Ranking Member Lepore-Hagan and Representatives on the House Commerce and Labor Committee:

**Thank you for the opportunity to share the Associated General Contractors (AGC) of Ohio's support of House Bill 380**, legislation that would create a prompt pay law for private owners of construction projects.

AGC of Ohio is a construction association that represents large and small, union and open shop (non-union), commercial building and industrial contractors from across the state. Our members work in both the public and private arena; they construct hospitals, offices, schools, wastewater treatment plants, warehouses and manufacturing facilities, and a host of other vertical structures.

Commercial construction is a high-risk, high-volume, and low-margin industry – especially on the vertical building side. Cash flow is extremely important. Money is necessary to compensate workers, pay subcontractors and suppliers, procure material and equipment, fund new projects, and finance other company functions. It can impact a construction company's ability to obtain appropriate bonding and insurance, as well as a company's ability to be considered for future construction projects.

The Ohio Revised Code contains several prompt pay laws. Ohio has a Prompt Pay Act that requires a contractor to make timely payments to subcontractors on both public and private construction projects [R.C. 4113.61(A)]. Laws also exist for the prompt payment of contractors by public owners (R.C. 153.12-153.14; R.C. 5525.19 for ODOT). **Notably missing is a statute requiring prompt payment from a private owner to a contractor once a request for payment is made, which H.B. 380 addresses.**

Ohio law stipulates that payment on approved estimates filed with the public owner are required to be made within 30 days (R.C. 153.14). It is our understanding there is an amendment being offered to change H.B. 380's existing 35-day payment term to 30 days, a change that AGC of Ohio supports. Our association also has no issue with adjusting the bill's language to clarify that the legislation only applies to private non-residential construction projects since prompt pay laws already exist for public projects.

Give contractors another tool in their toolbox to ensure cashflow, as well as protect the viability of their current and future projects and those working on them. **We urge this committee to support and favorably report H.B. 380 – with the 30-day payment term.**