



JANUARY 26, 2021

OHIO SENATE JUDICIARY COMMITTEE

SENATE BILL 13 – PROPONENT TESTIMONY

Chairman Manning, Vice Chair McColley, Ranking Member Thomas and members of the Ohio Senate Judiciary Committee. My name is Chris Ferruso and I am here on behalf of two organizations: Ohio NFIB and the Ohio Alliance for Civil Justice. Thank you for the opportunity to provide proponent testimony on Senate Bill 13. I want to thank Senator Lang for once again taking the lead on this issue. My testimony will be limited to the portion of the bill reducing the statute of limitations on contracts.

By way of background, NFIB members come from all industry sectors in all 88 counties across Ohio. Our typical member employs 15 or fewer and has less than \$2 million in gross receipts. The diversity of our membership runs the spectrum of business operations from sole-proprietors operating out of their homes to large manufacturers who employ hundreds.

The Ohio Alliance for Civil Justice (OACJ) was founded in the mid-1980s to stop lawsuit abuse and promote a common-sense civil justice system in Ohio. The OACJ is comprised of representatives of dozens of Ohio trade and professional associations, small and large businesses, medical groups, farmers, non-profit organizations, and local government associations for a combined representation of more than 100,000 individuals and businesses. Our leadership team includes representatives from the following organizations: NFIB, Ohio Chamber of Commerce, Ohio Council of Retail Merchants, Ohio Hospital Association, Ohio Manufacturers' Association, Ohio Society of CPAs, and Ohio State Medical Association.

Senate Bill 13 is about providing certainty for business owners. Currently, a business owner must maintain documents and records pertaining to a written contract for eight years. This bears a very real expense. With the increase in technology and more sophisticated monitoring of contractual relationships, there is no reason to maintain these records for such a long duration. Furthermore, reducing the duration of the contract will allow the business owner to move to future projects with the certainty that the previous contract is not hanging over their head, thus freeing up capital to further invest in their enterprises and their communities.

Ohio's business climate does not exist in a vacuum. We must look at what other states are doing to remain competitive. In CNBC's "America's Top States for Business" for 2019, Ohio achieved a number 10 ranking, moving up 5 spots from 2018. Let's keep the momentum heading in the right direction! Admittedly, there are a variety of factors used to make these

rankings. However, it is important to note that every state with a superior ranking to Ohio has a statute of limitations on a written contract less than Ohio's. Reducing the statute of limitations on written contracts is a low-risk strategy to improve Ohio's business climate. Moving from eight years to six years will put Ohio on par with the national average.

NFIB and The Ohio Alliance for Civil Justice continue to appreciate the work done in 2012 when the General Assembly reduced the statute of limitations on a contract from fifteen years to eight years. We are aware of no negative impacts from this reduction. However, we note that soon after Ohio reduced our statute of limitations on a contract, Kentucky moved their period from fifteen years to ten years. Business attraction and growth is a very competitive environment. Now, moving from eight years to six years will likely see a similarly easy transition.

I would like to note this committee moved House Bill 251, which had the same provisions related to the statute of limitations on contracts last General Assembly with one dissenting vote. House Bill 251 also passed the Ohio House unanimously. Unfortunately, time ran out in the previous general assembly and the bill did not become law. It is our hope this committee will move expeditiously to favorably recommend Senate Bill 13.

Thank you for the opportunity to speak in support of Senate Bill 13. I am happy to try and address any questions from the committee.