

## Ohio House introduces bill to protect general contractors



Peter D. Welin, John Gambill | Monday, November 4, 2019

The Ohio House of Representatives on Oct. 23 introduced House Bill 380, which would extend Ohio's Prompt Pay Act (R.C. 4311.61) to provide payment protection to general contractors in Ohio.

The act currently protects subcontractors by imposing stiff penalties, including 18 percent interest and attorneys' fees, against general contractors (or higher tier subcontractors) who do not pay subcontractors within 10 days of receiving payment from the owner for work on construction projects in Ohio. Under the amended bill, this protection would extend to general contractors by requiring owners to pay general contractors within 35 days of receiving the contractor's pay application. Owners would only be able to withhold amounts for retention or for disputed liens and/or claims relating to the contractor's work.

For general contractors, these changes to Ohio's Prompt Pay Act under the bill would provide certainty of payments on commercial construction projects in Ohio. For owners, the bill would impose a new requirement requiring timely payments that will require diligent coordination with lenders when bank financing is involved in the funding for the project. Whether you are an owner or a general contractor, this is a house bill worth following.

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