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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Legislative Budget
Office

H.B. 288
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 288's Bill Analysis](#)

Version: As Reported by House Small Business

Primary Sponsors: Reps. Roemer and Sweeney

Local Impact Statement Procedure Required: Yes

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Highlights

- Municipal and county courts and courts of common pleas could incur additional costs if the bill leads to more civil cases where contractors sue the private owner of a construction project for failing to make prompt payment for services and materials. Any new cost could be at least partially offset by court costs imposed on the losing party.
- Although some costs could be imposed on losing parties, courts may still bear some of the increased costs under circumstances where the case is complex or lengthy. This may be particularly applicable to common pleas courts that oversee civil actions in excess of \$15,000.

Detailed Analysis

The bill makes changes to Ohio's Prompt Pay Act, possibly resulting in additional caseloads for municipal and county courts and courts of common pleas. As a result, costs for courts to process and hear additional cases are likely to increase under the bill. These new costs will depend on the number of additional cases as well as their complexity. The increased costs could be significant, particularly so for common pleas courts because they generally oversee more complicated civil actions in excess of \$15,000. Although the additional expenses could be at least partially offset by court costs assessed upon the losing party of the case, the courts may still bear some increased costs overall for dealing with complicated cases.

Municipal and county courts and courts of common pleas may incur additional caseloads because the bill allows a contractor that has not received payment from the owner of a construction project to bring a civil action to recover payment if the owner has not paid the contractor within 60 days of receiving a written request for payment from the contractor or, for work that requires the seal of an architect or engineer, 60 days from the architect's or engineer's

approval of the work. Specifically, the bill requires the private owner of a construction project who has received a written request for payment or after the project work has been approved by an architect or engineer, to make payment within 30 days after receiving the request or approval.¹ If the owner fails to pay within 30 days, the bill allows the amount due to accrue at 18% annual interest. The bill allows the contractor to file the civil action to recover the amount due, interest, and attorney fees if an additional 30 days elapse after the 30-day payment deadline. The changes in the bill would be effective six months after its enactment.

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¹ The bill exempts certain agreements from Ohio's Prompt Pay Act including agreements to produce, or develop oil, natural gas, or other mineral substances; agreements for well or mine services; and agreements to purchase, sell, gather, store, or transport oil, natural gas, or other hydrocarbons by pipeline or by a fixed associated facility. See the LSC bill analysis for additional details.