

The Construction Conversation

Ohio's Legislative, Administrative, and Judicial Two-Way Newsletter

February 2026

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Legislative: Capital Appropriations

The Ohio Constitution requires that the General Assembly appropriate funds for State construction projects for the biennium beginning July 1st through June 30, 2028 (Fiscal years 2027 and 2028). (Cont'd p. 2).

Legislative: Property Tax Repeal

House Joint Resolution 7, if passed, would place a Constitutional Amendment on the ballot to exempt owner-occupied residences plus one acre of land from property taxation, similar to an Initiative Petition currently circulating. (Cont'd p. 3).

Legislative: OUPS New Law

On February 25, 2026, the Ohio General Assembly sent HB 227 to the Governor for signature, passing the legislation unanimously in both chambers to update the "call before you dig" law ("Ohio Utilities Protection Service" or OUPS) to include training requirements. (Cont'd p. 3).

Administrative: Gas Power Construction

The United States Department of Commerce announced that SB Energy of Tokyo will invest \$33 billion to build a natural gas generating plant near Portsmouth, Ohio. (Cont'd p. 3).

Legislative: Private Retainage

Following a similar amendment for public projects, House Bill 568 would prohibit certain private project contracts and subcontracts from withholding retainage more than 5%. (Cont'd p. 4).

Legislative: Construction Tax Exemption

House Bill 147 has enjoyed three hearings in the House Development Committee, to require the Tax Credit Authority to grant a sales and use tax exemption to construction contractors for certain projects. (Cont'd p. 4).

Administrative: OCILB Actions

At their February 2026 meeting, the Ohio Construction Industry Licensure Board approved the issuing of 2,746 skilled trades contractor licenses in the last quarter of 2025. (Cont'd p. 5).

Administrative: State Funding

In February, State funding agencies announced significant grants and loans for construction projects across Ohio, including for energy efficiency, wastewater and drinking water, job creation, and highway safety. (Cont'd p. 5).

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Legislative: Capital Appropriations (Cont'd)

Eighty-five State Agencies, Colleges, and Universities submitted plans for construction, their “wish lists” for legislators to consider. Those documents are public records available for review.

The Ohio Facilities Construction Commission submitted its Capital Budget Request for 609 K-12 school districts and 16 joint vocational districts. OFCC is requesting \$611 million for the first year, and \$612.5 for the next.

The Ohio State University submitted a construction plan through 2030. OSU asks for \$90 million over the next two years, to supplement other revenues to finance its overall construction plans.

The Department of Behavioral Health requested \$350 million, of which \$275 million would complete construction of its new Miami Valley Behavioral Healthcare Hospital in Trotwood. Another \$36.5 million would renovate the Northwest Ohio Hospital in Lucas County, including HVAC, Boiler, water line, and electrical upgrades.

Two years ago, the prior Capital Appropriation exceeded \$2.1 billion in annual construction funding.

The legislation is expected to pass before July 1, 2026.

Legislative: Property Tax Repeal (Cont'd)

Sponsored by Representative Mark Hiner (R, Howard), the legislation is not as broad as an Initiative Petition currently circulating to abolish all existing and future

taxes on real estate.

The Office of Budget and Management estimates the impact of repeal to be a loss of \$24 billion in public revenues, or 65% of local tax revenues in Ohio. If current Sales Taxes at 5.75% replaced this revenue, the Sales Tax would increase to between 15% and 18%; similarly, Income Taxes could increase to between 11% to 15% statewide.

Such a shift would be catastrophic, destabilizing all local services which rely upon Property Taxes such as Police, Fire, Emergency Medical, Libraries, Health offices, Parks, and Public Schools.

Legislative: OUPS New Law (Cont'd)

Proponents of the legislation were representative members of the Ohio Underground Damage Prevention Coalition, primarily made up of Ohio utilities.

Roger Lipscomb, President and Executive Director of OUPS testified in favor, along with a representative of the Ohio Contractors Association representing highway construction contractors. No witness appeared to testify in opposition.

The bill clarifies that before excavation, the contractor shall call OUPS “at least two working days, not including the day of the notification, but not more than sixteen calendar days prior”.

In defining subject “Excavation”, the bill deletes the general exclusion of governmental entities, and adds only very specific exceptions, such as excavation with hand tools, R.C. 3781.25(I).

The most significant change is to require Employers of “An excavator,

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contractor, utility, designer, engineer, developer, or utility locator” responsible for the notification process to provide training every 5 years with documentation, R.C. 3781.261.

The protection service shall create and maintain a centralized database for collecting and tracking underground facility damage notifications.

The law will take effect 90 days after the Governor’s signature.

Administrative: Gas Power Construction **(Cont’d)**

The natural gas generating station is predicted to produce 9.2 gigawatts for PJM Interconnection LLC. In addition to the plant, PJM will construct high-capacity transmission lines in the Columbus area as part of its \$11.8 billion “Regional Transmission Expansion Plan”.

New “data centers” are driving the need for more energy, with Ohio currently the home to 195 such centers.

Founded in 2019, SB Energy is a SoftBank Group subsidiary, operating as a development and execution partner for data center campuses, with offices in California and Colorado.

For more information, contact: Ally Copple,
press@sbenergy.com

Legislative: Private Retainage

Sponsored by Representatives Ty Mathews (R, Findlay) and Nick Santucci (R, Niles), amended R.C. 4113.63 would state, “no construction contract or subcontract for a private project with an expected value of greater than one million dollars that is

entered into on or after the effective date of this section shall include any provision that requires or permits the withholding of retainage in an amount greater than five per cent of the expected value of the contract or subcontract.”

After three hearings in the House Small Business Committee, no opposition has appeared.

The legislation would not require payment of retainage when a good-faith claim exists against the construction contractors.

The bill awaits Committee vote, House vote, and consideration in the Senate.

Legislative: Construction Tax Exemption **(Cont’d)**

Sponsored by Representative Brian Lorenz (R, Powell), the bill addresses concerns that local “port authorities” do not apply tax exemptions in a uniform way on construction infrastructure and materials incorporated into the real estate.

The statutory amendment would automatically exempt all construction materials on an infrastructure project of \$25 million or more, if an agreement is not reached within 30 days between the port authority and the developer.

Local officials testified against the legislation, arguing that they are in a better position to consider whether a tax exemption should apply.

Administrative: OCILB Actions (Cont’d)

As a predicate to issuing new licenses, each applicant must qualify for and pass the particular trade’s test.

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The OCILB Trades Sections approved 111 candidates to test:

Electrical	53
Plumbing	31
HVAC	25
Refrigeration	2

Each Section also considered the pending disciplinary actions, typically for contractors allowing unlicensed persons not employed by the contractor to work using the contractor's number.

Administrative: State Funding (Cont'd)

Typically, at the funding phase, the construction team has not been selected. All information is public, the detail of which is available on the agency website, with the media announcement of these projects. The Department of Development awarded \$700,000.00 in energy efficiency grants, \$175,000.00 each to Brecksville-Broadview Heights School District (Cuyahoga County), the City of Oxford (Butler County), Hilliard Schools (Franklin County), and Piqua Schools (Miami County).

DoD also awarded \$4.7 million in 8 grants of \$250,000 to \$750,000 each, to upgrade water and sewer infrastructure for the Residential Public Infrastructure Grant Program.

The Ohio Water Development Authority funded five infrastructure projects with loans to the City of Columbus for \$3.7 million for water lines, and \$7.8 million for repairs at the Dublin Road Water Plant.

The Ohio Tax Credit Authority approved tax credits from new and retained employee income taxes for 6 new private construction projects, including for CSA America Testing & Certification LLC which

will expand its head office operations and research facilities in Brecksville and Independence (Cuyahoga County), generating \$9.28 million in new payroll.

The Ohio Department of Transportation announced 39 projects funded in 27 counties totaling \$97.2 million in new funding for the Ohio Highway Safet Improvement Program, including roundabouts at numerous intersections.

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The Construction Conversation Call-In

on

**Wednesday, March 18, 2026
3:30 pm**

Luther L Liggett is inviting you to a scheduled Zoom meeting.

Topic: February Construction Conversation
Time: **Wednesday, March 18, 2026
3:30 PM** Eastern Time (US and Canada)

Join Zoom Meeting

[https://us02web.zoom.us/j/82642975838?pwd=V5fPGM6X0bc4fNaZ5OjS5uyhEQzasE.](https://us02web.zoom.us/j/82642975838?pwd=V5fPGM6X0bc4fNaZ5OjS5uyhEQzasE.1)

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Meeting ID: 826 4297 5838#

Passcode: 353536

Telephone 646-931-3860, 82642975838#

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