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US CONSTRUCTION (STATE-BY-STATE)

USA - Ohio

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US Construction (state-by-state)

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REGULATION AND COMPLIANCE

Licensing procedures

Must foreign designers and contractors be licensed locally to work and, if so, what are the consequences of working without a license?

In Ohio, construction designers and contractors, whether domestic or foreign, are generally required to hold a valid license to legally operate within the state. Ohio's licensing requirements are primarily governed by state statutes and regulations that outline when a license is necessary and the potential penalties for non-compliance.

Licensing requirements for foreign designers and contractors

- Professional engineers and architects: According to the Ohio Revised Code section 4733.02 for engineers and section 4703.06 for architects, individuals or firms providing engineering or architectural services in Ohio must be licensed by the Ohio State Board of Registration for Professional Engineers and Surveyors or the Ohio Architects Board, respectively. This applies to both in-state and out-of-state (foreign) designers.
- Reciprocity: Foreign engineers and architects may be eligible for reciprocal licensing, provided they meet Ohio's standards and requirements. The Ohio State Board of Registration for Professional Engineers and Surveyors and the Ohio Architects Board often provide guidelines for reciprocity applications (Ohio Revised Code section 4703.08).
- General contractors: While the State of Ohio does not require a statewide license for general contractors, many cities and counties (e.g., Columbus, Cleveland, Cincinnati) do. For instance, Columbus City Code chapter 4114 requires general contractors to obtain a license to work within city limits. Foreign contractors must comply with the local licensing requirements of each jurisdiction where they intend to work.

Consequences of working without a license

- Professional engineers and architects: According to Ohio Revised Code section 4733.22 (for engineers) and Ohio Revised Code 4703.18 (for architects), practicing without a valid license is illegal and constitutes a criminal offense. For professional engineers, violating licensure requirements is a misdemeanor, which can lead to penalties such as fines and possible imprisonment. The exact penalty may vary depending on the circumstances and frequency of violations. Similarly, unlicensed practice of architecture under section 4703.18 is also a misdemeanor. Courts can impose fines, and repeat offences can result in more severe punishments.
- General contractors: Operating without the proper license can result in criminal penalties. Under Ohio Revised Code section 4740.13 (A) and 4740.99, individuals who contract or perform work without a valid license may face misdemeanor charges. Subsequent offenses can elevate the crime to a higher-level charge, depending on the severity and frequency of violations. The Ohio Construction Industry Licensing Board can impose fines on unlicensed contractors. According to Ohio Revised Code section 4740.16, the Board has the authority to take disciplinary action, including imposing fines of up to \$1,000 per violation per day.

Bribery

If a contractor has illegally obtained the award of a contract, for example, by bribery, will the contract be enforceable? Are bribe-givers and bribe-takers prosecuted and, if so, what are the penalties they face? Are facilitation payments allowable under local law?

If a construction contractor in Ohio has obtained a contract through bribery, the contract will generally be considered unenforceable due to its illegal nature. Bribery not only violates public policy but also breaches state and federal criminal statutes, likely rendering the contract void and possibly subjecting bribe-givers and bribe-takers to criminal penalties.

Enforceability of contracts obtained by bribery

Contracts obtained through illegal means, such as bribery, are typically unenforceable. In Ohio, courts generally refuse to enforce agreements that involve illegal activities or contravene public policy. Ohio Courts generally follow the Restatement (Second) of Contracts. Restatement (Second) of Contracts section 178 states that if the formation of a contract involves conduct that violates statutes or the public interest, the contract is void and unenforceable.

Prosecution of bribe-givers and bribe-takers

Bribery is a serious criminal offense in Ohio, and both bribe-givers and bribe-takers can be prosecuted under state and federal laws.

- Under Ohio Revised Code section 2921.02, it is illegal to offer, give, or receive any valuable consideration to influence a public official's actions, votes, or decisions. This law covers contractors who may bribe government officials to obtain contracts.
- Penalties: Bribery is classified as a felony of the third degree. According to ORC section 2929.14, this can result in a prison term of nine to 36 months, and fines of up to \$10,000 under ORC section 2929.18. Additionally, the court may order restitution to be paid to the victim of the crime.

Facilitation payments

Ohio law and federal bribery statutes do not provide exceptions for facilitation payments within the US. This means any payment intended to influence a public official's actions beyond routine legal duties can be prosecuted as bribery.

CONTRACTS

Construction contracts

What standard contract forms are used for construction and design? Must the language of the contract be the local language? Are there restrictions on choice of law and the venue for dispute resolution?

The construction industry in Ohio, like much of the United States, frequently uses standardized contract forms developed by recognized professional organizations. Some of the most used forms include:

American Institute of Architects (AIA) Contracts: Widely used in Ohio for building construction projects. Common AIA contract documents include:

- A101 – Standard Form of Agreement Between Owner and Contractor (Stipulated Sum)
- A201 – General Conditions of the Contract for Construction
- B101 – Standard Form of Agreement Between Owner and Architect

ConsensusDocs: Another set of standard contract forms developed by a coalition of construction industry groups. These contracts are often used as an alternative to AIA forms and include:

- ConsensusDocs 200 – Standard Agreement and General Conditions Between Owner and Contractor (Lump Sum)
- ConsensusDocs 240 – Standard Agreement Between Owner and Architect/Engineer

Design-Build Institute of America (DBIA) Contracts: These contracts are used for design-build projects where design and construction services are combined.

- DBIA Document No. 525 – Standard Form of Agreement Between Owner and Design-Builder

Contract language requirements

Ohio law does not explicitly require construction contracts to be in English or any other specific language. Since English is the primary language used in legal proceedings, commerce, and government operations in Ohio, however, contracts are almost always drafted in English. While there is no statutory requirement dictating the language, using English is advisable for enforceability in court and for regulatory compliance. If the parties to a contract prefer to use another language, it is common practice to include an English translation and specify that the English version will govern in the event of discrepancies.

Restrictions on choice of law and venue for dispute resolution

- Choice of law: Ohio generally respects the principle of freedom of contract, allowing parties to specify the governing law for their contract. This choice must have a reasonable relationship to the parties or the transaction. According to Ohio Revised Code section 1301.301(A), parties may choose the law of a jurisdiction that bears a reasonable relation to the contract. However, in the construction context, for a construction project in Ohio, section 4113.62(D) voids any provision that makes the construction contract subject to the laws of another state.
- Venue for dispute resolution: Ohio law does not prohibit parties from selecting a venue outside the state. However, Ohio Revised Code section 4113.62(D) imposes specific restrictions on construction contracts for projects located in Ohio. This statute invalidates any provision in a construction contract that requires disputes to be resolved in a state other than Ohio. Therefore, if a construction project is in Ohio, the

contract must allow for dispute resolution within Ohio courts or through arbitration conducted in Ohio.

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Payment methods

How are contractors, subcontractors, vendors and workers typically paid and is there a standard frequency for payments?

In Ohio, the payment terms for contractors, subcontractors, vendors, and workers in construction projects are typically governed by the contracts between the parties, industry standards, and relevant state laws. Payment practices, including the frequency and method of payment, vary depending on the role of each party, the nature of the project, and contractual agreements.

Contractors and subcontractors

- According to Ohio's Prompt Payment Act section 4113.61, contractors are required to make payments to their subcontractors promptly after receiving payment from the owner. Specifically, contractors must pay their subcontractors within 10 calendar days of receiving payment. Similarly, subcontractors must pay their sub-subcontractors and suppliers within 10 days of receiving payment.

Vendors and suppliers

Section 4113.61 outlines the payment terms for material suppliers in construction projects. It states that if a material supplier submits an invoice to a contractor in time for the contractor to include it in their pay request to the owner, the contractor must pay the supplier within 10 days of receiving payment from the owner. If the contractor fails to pay within this period, they must pay the supplier the amount due plus interest at 18% per annum, starting from the 11th day after receiving payment from the owner until the full payment is made.

Workers

According to Ohio Revised Code section 4113.15, employers are required to pay wages at least twice a month, unless otherwise agreed upon in writing by the employee. The statute covers all employees, including those working on construction sites, whether they are hired directly by the contractor or through a subcontractor.

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PPP and PFI

Is there a formal statutory and regulatory framework for PPP and PFI contracts?

There is a formal statutory and regulatory framework that governs Public-Private Partnerships (PPP) in Ohio, but there is no specific framework for Private Finance Initiative (PFI) contracts as understood in the UK. However, Ohio's framework for PPPs incorporates elements often found in PFI models, particularly in infrastructure projects.

Public-Private Partnership (PPP) framework

Ohio has established a statutory framework to facilitate the use of PPPs, primarily for infrastructure development. These partnerships allow private entities to collaborate with public agencies to finance, construct, operate, and maintain public infrastructure projects.

Key statutes for PPPs:

Ohio Revised Code sections 5501.70 to 5501.83: These sections of the Ohio Revised Code govern the establishment and regulation of PPPs for transportation infrastructure projects.

- Sections 5501.71 and 5501.72 provide the Ohio Department of Transportation (ODOT) the authority to enter into PPP agreements with private entities for designing, constructing, operating, maintaining, or financing transportation projects, including roads, bridges, tunnels, and other infrastructure.
- Section 5517.011 allows for the design-build model in which a private entity can assume multiple roles, such as designing and constructing the project, while ODOT retains oversight authority.
- Section 5501.73 permits PPP agreements to include provisions for private financing, including tolling or other revenue-generating mechanisms, allowing the private partner to recoup its investment through user fees or long-term leases.

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LABOR LAW

Labor requirements

Are there any laws requiring a minimum amount of local labor to be employed on a particular construction project?

Ohio does not have a statewide requirement for a minimum percentage of local labor on construction projects. To the contrary, Ohio Revised Code Section 9.75 specifically prohibits public authorities from enforcing local hiring requirements. Despite constitutionality challenges, the Ohio Supreme Court ruled that ORC 9.75 was constitutional in the 2019 decision, *Cleveland v. Ohio*, 157 Ohio St.3d 330, 2019-Ohio-3820, 136 N.E.3d 466.

Encouraging Diversity Growth and Equity Program (EDGE)

Ohio Revised Code Section 122.922 governs Ohio's EDGE program. The EDGE program assists socially and economically disadvantaged businesses in obtaining state government contracts, including public construction contracts. The EDGE program aims to increase the number of qualified competitors in the marketplace by providing EDGE-qualified businesses with procurement preferences, financial and bonding assistance, and management resources.

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Labor and human rights

What laws apply to the treatment of foreign construction workers and what rights do they have? What are the local law consequences for failure to follow those laws?

In Ohio, foreign construction workers are subject to a combination of federal immigration laws and state labor laws that govern their employment rights, protections, and treatment in the workplace. These laws address issues such as legal employment status, workplace safety, wage standards, and protections against discrimination.

Employment rights of foreign workers

Foreign construction workers, whether working under a visa program or as legal residents, are entitled to the same rights as domestic workers. These rights include protection under labor, wage, and safety laws.

Fair labor standards and wages

- **Ohio minimum wage law:** Ohio's minimum wage law applies to all workers, including foreign workers. According to Ohio Revised Code section 4111.02, employers must pay employees at least the state minimum wage, which is adjusted annually based on inflation. In 2025, Ohio's minimum wage for non-tipped employees is set at \$10.70 per hour.
 - **Consequences:** Employers who fail to pay the minimum wage can face civil penalties, including payment of back wages, damages, and fines. Under Ohio Revised Code section 4111.10, workers can file a lawsuit to recover unpaid wages.
- **[Fair Labor Standards Act](#) (FLSA):** This federal law applies in Ohio and sets standards for minimum wages and overtime pay. It mandates that workers (including foreign nationals performing work in the United States) receive at least the federal minimum wage and are entitled to overtime pay for hours worked over 40 in a workweek.
 - **Consequences:** Non-compliance can result in fines, back pay, and civil penalties under federal law.

Discrimination protections

- **Ohio Civil Rights Act:** Foreign construction workers are protected from employment discrimination under Ohio Revised Code section 4112.02. This law prohibits employers from discriminating against employees based on race, color, religion, sex, military status, national origin, disability, age, or ancestry. Foreign workers are entitled to equal employment opportunities and cannot be subjected to unequal treatment due to their immigration status or nationality.
 - **Consequences:** Violations of this statute can result in civil lawsuits, where employers may be ordered to pay compensatory damages, back pay, attorney's fees, and other remedies.
- **Federal Anti-Discrimination Laws:** Federal laws, including Title VII of the Civil Rights Act of 1964, the Immigration Reform and Control Act (IRCA), and the Equal Employment Opportunity Act, protect foreign workers from discrimination based on their nationality or immigration status. The IRCA prohibits employers from

hiring workers without proper documentation and prevents discrimination based on citizenship status.

- Consequences: Employers who violate these laws can face civil penalties and lawsuits from workers, and the U.S. Department of Justice can pursue legal action against employers.

Workplace safety and health regulations

- Occupational Safety and Health Act (OSHA): Ohio construction employers must comply with federal OSHA regulations, which apply to both domestic and foreign workers. OSHA ensures that employers provide safe working conditions, adequate training, and protective equipment on construction sites.
 - Consequences: Failure to comply with OSHA standards can result in fines, work stoppages, and criminal charges in cases of severe negligence leading to worker injuries or deaths. In 2025, OSHA's maximum penalties for serious and other-than-serious violations increased from \$16,131 per violation to \$16,550 per violation. The maximum penalty for wilful or repeated violations increased from \$161,323 per violation to \$165,514 per violation.
- Workers' Compensation Laws: Foreign construction workers are entitled to workers' compensation under Ohio's Workers' Compensation Act (Chapter 4123) if they are injured on the job. This applies regardless of their immigration status, and employers are required to carry workers' compensation insurance for all employees.
 - Consequences: Employers who fail to provide workers' compensation coverage can face fines, lawsuits, and criminal penalties under section 4123.99. Workers can file claims for medical expenses, lost wages, and disability benefits.

Consequences for failure to follow Ohio employment laws

Employers who fail to adhere to Ohio's labor, wage, and safety regulations regarding foreign construction workers face various penalties, including:

- Civil and criminal penalties: Non-compliance can lead to lawsuits filed by workers, fines imposed by state and federal agencies, and even criminal charges in cases of severe violations.
- Back pay and damages: Employers may be required to compensate workers for lost wages, overtime, and damages for unfair treatment or unsafe working conditions.
- License revocation: Persistent violations, particularly under immigration or labour laws, can result in the suspension or revocation of business and contracting licenses.

Law stated - 28 August 2025

PAYMENT

| Statutory payment protection

Where major projects have been interrupted or canceled, do the local laws provide any protection for unpaid contractors who have performed work?

In Ohio, contractors who have performed work on major projects that are interrupted or cancelled are provided certain protections under state law. These protections primarily involve the use of mechanic's liens, payment bond claims, and other remedies for recovering unpaid amounts.

Mechanic's lien rights

The primary form of protection for unpaid contractors in Ohio is the right to file a mechanic's lien on the property where the work was performed. Mechanic's liens allow contractors, subcontractors, material suppliers, and labourers to secure a legal claim on the property to ensure they are paid for their work, even if the project is interrupted or cancelled.

Ohio mechanic's lien law

- Ohio's mechanic's lien statutes (Ohio Revised Code sections 1311.01–1311.24) set forth the process by which contractors can place a lien on the property. This lien secures a right to payment for labor, materials, or services provided on the project.
- Ohio Revised Code section 1311.02 grants a lien to individuals or companies that perform labor or supply materials for property improvements, ensuring payment by placing a claim on the property. The lien applies to original contractors, subcontractors, and material suppliers, covering both the improvement and the owner's interest in the land.
- To perfect a lien, the contractor must file an Affidavit for Mechanic's Lien within 75 days after the last labor or material was provided for commercial projects (residential projects have a 60-day limit). This lien must be filed with the county recorder's office where the property is located. Ohio Revised Code section 1311.06 provides the information to be included in the affidavit and a sample form.
- If a notice of commencement is filed on a project, then subcontractors and materialmen are required under Section 1311.05 to serve a notice of furnishing within 21 days of commencement of their work to preserve their lien rights.

Enforcement of mechanic's liens

Once a lien is filed, in addition to other legal remedies, the contractor can move to enforce the lien through foreclosure, which could ultimately result in the sale of the property to satisfy the unpaid debt. This process is governed by section 1311.16. Contractors typically have six years to enforce a mechanic's lien after filing (section 1311.13).

Consequences for property owners

If a lien is filed, it can cloud the property's title, making it difficult for the owner to sell, transfer, or refinance the property without resolving the outstanding payment.

Liens and Bond Claims on Public Projects

For public construction projects in Ohio, mechanic's liens cannot attach to public real property. Instead, contractors and suppliers must use the process for public improvements described at Revised Code sections 1311.25 to 1311.37. This process requires the public authority, under Section 1311.28, to detain funds from the project upon receipt of a lien served by a contractor, subcontractor, or materialman under Section 1311.26.

Moreover, Ohio law requires that contractors on public projects be protected by payment bonds.

- Ohio Revised Code section 153.54 requires the principal contractor to furnish a payment bond to ensure that subcontractors and suppliers are paid. If a project is interrupted or cancelled and the contractor is not paid, they may make a claim against the payment bond, provided they are within the time limits specified by law.
- According to section 153.56, to enforce a claim on a payment bond, the contractor must serve written notice on the surety. Subcontractors must provide this notice within 90 days of the completion of the project by the principal contractor or the design-build firm (as defined at section 153.65). Certain subcontractors must also serve a notice on the principal contractor or design-build firm in the process described at section 1311.261.

Prompt payment act protections

Ohio's Prompt Payment Act (Ohio Revised Code section 4113.61) offers additional protections to contractors who have completed work but remain unpaid due to project delays, interruptions, or cancellations.

- The Prompt Payment Act requires that once a contractor receives payment from the project owner, the contractor must pay any subcontractors or suppliers within 10 days. This law applies to both public and private construction projects in Ohio.
- Remedies for non-payment: If a contractor or subcontractor fails to pay within the prescribed time frame, the unpaid party may be entitled to interest on the unpaid amount. The statute allows for the collection of 18% interest per annum on overdue payments, beginning on the eleventh day after the prime contractor received payment from the project owner. This provision provides leverage for contractors and subcontractors awaiting payment.

Breach of contract claims

If a construction project is interrupted or cancelled and the contractor is not paid, they can file a breach of contract lawsuit against the party that failed to pay under the terms of the contract. Contractors can sue for damages, which may include payment for work completed, lost profits, and other associated costs. The statute of limitations for breach of contract in Ohio is six years for written contracts under section 2305.06 and four years for oral contracts under section 2305.07.

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FORCE MAJEURE

Force majeure and acts of God

Under local law are contractors excused from performing contractual obligations owing to events beyond their control?

Under Ohio law, contractors may be excused from performing their contractual obligations due to events beyond their control, depending on the specific terms of the contract and

applicable legal doctrines. Two key legal mechanisms typically address such situations: force majeure clauses and the common law doctrine of impossibility of performance.

Force majeure clauses

Force majeure clauses are common in construction contracts and excuse a party from performing its obligations when certain extraordinary events occur. These clauses typically define a list of acts of God or unforeseen events that are beyond the control of the parties, such as natural disasters, war, strikes, or pandemics. Force majeure is not automatically implied in contracts under Ohio law; it must be explicitly stated in the contract. Courts will look to the language of the contract in construing a force majeure provision. If a force majeure clause is included, it should specify the events that trigger relief from performance and outline the required steps to invoke it (e.g., notice requirements). Examples of events that can be covered include natural disasters (e.g., floods, hurricanes), labor strikes, war or terrorism, government actions or restrictions (e.g., shutdowns or new regulations), and pandemics or public health emergencies (e.g., COVID-19).

Impossibility and impracticability of performance

In the absence of a force majeure clause, Ohio law recognises the common law doctrines of impossibility and impracticability of performance. These doctrines excuse a party from fulfilling its contractual obligations when unforeseen circumstances make performance impossible or extremely difficult.

Impossibility of performance

Under Ohio law, the doctrine of impossibility of performance applies when an unforeseeable event occurs that makes it objectively impossible for a contractor to complete their contractual obligations. This might include destruction of the project site, death of a key contractor in a personal services agreement, or other severe disruptions.

Commercial impracticability

The doctrine of commercial impracticability is recognised under Ohio law as part of the Ohio Uniform Commercial Code, Revised Code section 1302.73, which may apply to contracts predominantly for the supply of materials. Under this doctrine, performance may be excused when an event makes the performance extremely difficult or expensive, and such difficulty was not anticipated by the parties at the time of contracting.

To invoke this doctrine, the party must show that the unforeseen event fundamentally alters the nature of the contractual obligations, rendering performance highly impracticable or prohibitively costly. Mere financial difficulty or inconvenience is usually insufficient.

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DISPUTES

Limitation periods

Are there any statutory limitation periods within which lawsuits must be commenced for construction work or design services and are there any statutory preconditions for commencing or maintaining such proceedings?

In Ohio, there are specific statutory limitation periods and preconditions for commencing lawsuits related to construction work or design services. These statutes outline the time frames within which legal action must be initiated, as well as certain procedural requirements that must be fulfilled before filing a lawsuit. The time limit for commencing lawsuits related to construction work and design services in Ohio is governed by several statutes, depending on the type of claim being filed. Below is a detailed overview of these limitation periods and preconditions.

Breach of contract claims

- Written contracts: The statute of limitations for written contracts in Ohio is six years under Ohio Revised Code section 2305.06. This applies to breach of contract claims accruing on or after June 16, 2021 (eight years for claims that accrued prior).
- Oral contracts: For claims based on oral contracts, the statute of limitations is four years under Revised Code section 2305.07. This applies to breach of contract claims accruing on or after June 16, 2021 (six years for claims that accrued prior).

Tort claims (professional negligence)

For tort claims involving professional negligence by design professionals (e.g., architects, engineers), the statute of limitations is four years from the date the cause of action accrued, as specified by section 2305.09. This period begins when the injury or damage occurs, and the Ohio Supreme Court has held that the “discovery rule” does not apply to negligence claims brought under section 2305.09.

Statute of repose for construction defects

Ohio also has a statute of repose that limits the time within which lawsuits related to construction defects can be filed. Under section 2305.131, any claims related to defective construction or design must be brought within 10 years from the date of substantial completion of the project. After this 10-year period, no claims can be initiated. However, the 10-year repose period can be extended in certain circumstances. If a plaintiff discovers a defect within the 10-year period but less than two years before the period expires, the plaintiff can bring a claim within two years of discovering the defect. Similarly, if a plaintiff cannot bring a claim due to disability or incapacity, the plaintiff can file a claim within two years of removal of the disability.

This statute of repose applies to claims for both tort and contract claims related to construction or design defects.

Exceptions: The statute of repose cannot be used as a defense by a defendant who engaged in fraud related to the provision of services or otherwise concealed relevant facts. The statute of repose also does not apply when the improvements were expressly warranted or guaranteed for a period exceeding ten years.

Statutory preconditions for commencing or maintaining proceedings

In addition to the limitation periods, there are specific statutory preconditions that must be met before initiating legal proceedings related to certain construction services.

Notice requirements

Notice of defect claims: Under Ohio Revised Code chapter 1312, for construction defect claims on residential projects, Ohio law requires that the claimant provide a written notice

of the defect to the contractor at least 60 days before filing a lawsuit. This statute is part of Ohio's Right to Cure law, which allows the contractor to inspect and potentially repair the alleged defect before litigation begins.

The notice must describe the nature of the defect and allow the contractor the opportunity to offer a remedy.

Failure to provide notice: If the claimant fails to provide the required notice, the court may dismiss the lawsuit or delay proceedings until the notice and cure process is completed.

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