



*BEFORE THE SENATE JUDICIARY COMMITTEE  
PROPONENT TESTIMONY ON SENATE BILL 276*

Chairman Eklund, Vice Chair Manning, Ranking Member Thomas, and members of the Senate Judiciary Committee, thank you for the opportunity to provide proponent testimony on Senate Bill 276 (SB 276). My name is Kevin Shimp and I am the Director of Labor and Legal Affairs for the Ohio Chamber of Commerce.

The Ohio Chamber is the state's leading business advocate, and we represent over 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness and growth for the benefit of all Ohioans.

In our efforts to champion economic competitiveness and free enterprise, the Ohio Chamber supports SB 276 because it makes needed changes to the state's limited liability corporation statutes that will improve administrative efficiencies while also giving entrepreneurs more flexibility in how they organize their businesses and manage their risk.

In 1994, Ohio enacted the Ohio Limited Liability Act to provide entrepreneurs and business owners with more ways to structure their business. Over the years since the Act's enactment, the number of businesses organizing as limited liability corporations (LLC's) has grown substantially and now over seventy-three percent of all business entities in Ohio operate as limited liability companies.

Now after twenty-six years, it is time to modernize Ohio's limited liability statutes to address parts of the law that are often litigated over and to encompass new strategies for business organizations that were not contemplated when Ohio's legislature first created limited liability corporations. Likewise, modernizing the limited liability corporation statutes can help improve Ohio's business climate by streamlining administrative processes and making it easier to start a business in the Buckeye State.

SB 276 streamlines and reduces administrative burdens on employers and the attorneys they rely on for counsel by using standardized terminology included in the American Bar Association's Revised Prototype Limited Liability Company Act and by eliminating the distinction between manager-managed LLC's and member-managed LLC's. The legislation also creates uniform fiduciary duties and standards of conduct that will help business owners understand and manage their risk.

In addition to easing administrative burdens on employers that will strengthen Ohio's business climate, SB 276 joins a growing number of states that allow for the creation of series limited liability companies. Under this new authority, a limited liability company may designate particular assets or liabilities as belonging to a separate series LLC that can be controlled by different individuals or another operating agreement. This new business formation will put Ohio at the forefront of a new trend of pro-business state's authorizing this type of entity which could make Ohio a more attractive place to locate a new business or to expand an existing business.

The Ohio Chamber urges your favorable consideration of SB 276 because its enactment will bolster Ohio's business climate by creating greater administrative efficiencies and give entrepreneurs greater options on how to form their business.