

As Passed by the House

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Sub. H. B. No. 556

Representative Swearingen

**Cosponsors: Representatives Carruthers, Galonski, Hillyer, Jones, Lanese, LaRe,
Patton, Schmidt, Seitz, Stephens, Wilkin**

A BILL

To amend sections 1702.27, 1702.30, 1702.33, 1
1702.38, 1702.521, 1702.53, 1702.55, and 1745.05 2
and to enact sections 1702.341 and 1702.531 of 3
the Revised Code to amend the Nonprofit 4
Corporation Law. 5

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1702.27, 1702.30, 1702.33, 6
1702.38, 1702.521, 1702.53, 1702.55, and 1745.05 be amended and 7
sections 1702.341 and 1702.531 of the Revised Code be enacted to 8
read as follows: 9

Sec. 1702.27. (A) Except as provided in division (B) of 10
this section and section 1702.521 of the Revised Code: 11

(1) The number of directors as fixed by the articles or 12
the regulations shall be not less than three or, if not so 13
fixed, the number shall be three, except that if there are only 14
one or two members of the corporation, the number of directors 15
may be less than three but not less than the number of members. 16

(2) (a) Subject to division (A) (2) (c) of this section, 17

unless the articles or the regulations fix the number of 18
directors or provide the manner in which that number may be 19
fixed or changed by the voting members, the number may be fixed 20
or changed at a meeting of the voting members called for the 21
purpose of electing directors, if a quorum is present, by the 22
affirmative vote of a majority of the voting members present in 23
person, by the use of authorized communications equipment, by 24
mail, or, if permitted, by proxy. 25

(b) For purposes of division (A) (2) (a) of this section, 26
participation by a voting member in a meeting through the use of 27
any of the means of communication described in that division 28
constitutes presence in person of that voting member at the 29
meeting for purposes of determining a quorum. 30

(c) No reduction in the number of directors shall of 31
itself have the effect of shortening the term of any incumbent 32
director. 33

(3) ~~The~~ Each director shall be a natural person and shall 34
have the qualifications, if any, that are stated in the articles 35
or the regulations. 36

(4) The articles or the regulations may provide that 37
persons occupying certain positions within or without the 38
corporation shall be ex officio directors, but, unless otherwise 39
provided in the articles or the regulations, such ex officio 40
directors shall not be considered for quorum purposes and shall 41
have no vote. 42

(B) The court of common pleas of the county in which the 43
corporation maintains its principal office may, pursuant to 44
division (A) of section 1702.521 of the Revised Code, order the 45
appointment of a provisional director for the corporation 46

without regard to the number or qualifications of directors 47
stated in the articles or regulations of the corporation. 48

Sec. 1702.30. (A) Except where the law, the articles, or 49
the regulations require that action be otherwise authorized or 50
taken, all of the authority of a corporation shall be exercised 51
by or under the direction of its directors. For their own 52
government, the directors may adopt bylaws that are not 53
inconsistent with the articles or the regulations. 54

(B) A director shall perform the director's duties ~~of as a~~ 55
director, including the duties as a member of any committee of 56
the directors upon which the director may serve, in good faith, 57
in a manner the director reasonably believes to be in or not 58
opposed to the best interests of the corporation, and with the 59
care that an ordinarily prudent person in a like position would 60
use under similar circumstances. A director serving on a 61
committee of directors is acting as a director. 62

(C) In performing ~~the duties of a director~~ director's 63
duties, a director is entitled to rely on information, opinions, 64
reports, or statements, including financial statements and other 65
financial data, that are prepared or presented by any of the 66
following: 67

(1) One or more directors, officers, or employees of the 68
corporation who the director reasonably believes are reliable 69
and competent in the matters prepared or presented; 70

(2) Counsel, public accountants, or other persons as to 71
matters that the director reasonably believes are within the 72
person's professional or expert competence; 73

(3) A committee of the directors upon which the director 74
does not serve, duly established in accordance with a provision 75

of the articles or the regulations, as to matters within its 76
designated authority, which committee the director reasonably 77
believes to merit confidence. 78

(D) For purposes of division (B) of this section, the 79
following apply: 80

(1) A director shall not be found to have ~~failed to~~ 81
~~perform~~ violated the director's duties ~~in accordance with that~~ 82
under division (B) of this section, unless it is proved, by 83
clear and convincing evidence, ~~in an action brought against the~~ 84
~~director~~ that the director has not acted in good faith, in a 85
manner the director reasonably believes to be in or not opposed 86
to the best interests of the corporation, or with the care that 87
an ordinarily prudent person in a like position would use under 88
similar circumstances. ~~Such an action includes, but is not~~ 89
~~limited to, an action that involves or affects~~ in any action 90
brought against a director, including actions involving or 91
affecting any of the following: 92

(a) A change or potential change in control of the 93
corporation; 94

(b) A termination or potential termination of the 95
director's service to the corporation as a director; 96

(c) The director's service in any other position or 97
relationship with the corporation. 98

(2) A director shall not be considered to be acting in 99
good faith if the director has knowledge concerning the matter 100
in question that would cause reliance on information, opinions, 101
reports, or statements that are prepared or presented by the 102
persons described in divisions (C) (1) to (3) of this section, to 103
be unwarranted. 104

(3) ~~The provisions of~~ Nothing in this division ~~do not~~ 105
~~limit~~ limits relief available under section 1702.301 of the 106
Revised Code. 107

~~(E) (1) Subject to divisions (E) (2) and (3) of this~~ 108
~~section, a~~ (E) A director is ~~shall be~~ liable in damages for any 109
~~act~~ action that the director takes or fails to take as a 110
director only if it is proved, by clear and convincing evidence, 111
in a court ~~with~~ of competent jurisdiction that the director's 112
action or failure to act involved an act or omission ~~of the~~ 113
~~director was one~~ undertaken with a deliberate intent to cause 114
injury to the corporation or ~~was one~~ undertaken with a reckless 115
disregard for the best interests of the corporation. 116

~~(2) Division (E) (1) of this section does not affect~~ 117
Nothing in this division affects the liability of a ~~director~~ 118
directors under section 1702.55 of the Revised Code. 119

~~(3) Subject to~~ This division ~~(E) (2) of this section,~~ 120
~~division (E) (1) of this section~~ does not apply if, and only to 121
the extent that, at the time of ~~an~~ a director's act or omission 122
~~of a director~~ that is the subject of complaint, the articles or 123
the regulations of the corporation state, by specific reference 124
to ~~that~~ this division, that ~~its~~ the provisions of this division 125
do not apply to the corporation. 126

(F) For purposes of this section, a director, in 127
determining what ~~a~~ the director reasonably believes to be in ~~or~~ 128
~~not opposed to~~ the best interests of the corporation, ~~a director~~ 129
shall consider the purposes of the corporation and, in the 130
director's discretion, may consider any of the following: 131

(1) The interests of the corporation's employees, 132
suppliers, creditors, and customers ~~of the corporation;~~ 133

(2) The economy of this state and of the nation;	134
(3) Community and societal considerations;	135
(4) The long-term and as well as short-term best interests	136
of the corporation, including, but not limited to, the	137
possibility that those <u>these</u> interests may be best served by the	138
continued independence of the corporation.	139
(G) Divisions	140
<u>Nothing in division (D) and or (E)</u> of this section do not	141
affect <u>affects</u> the duties of a director who acts in any capacity	142
other than in the capacity as a director.	143
Sec. 1702.33. (A) The regulations may provide for the	144
creation by the directors of an executive committee or any other	145
committee of the directors, to consist of one or more directors,	146
and may authorize the delegation to any such committee of any of	147
the authority of the directors, however conferred.	148
(B) The directors may appoint one or more directors as	149
alternate members of any committee described in division (A) of	150
this section, who may take the place of any absent member or	151
members at any meeting of the particular committee.	152
(C) Each committee described in division (A) of this	153
section shall serve at the pleasure of the directors, shall act	154
only in the intervals between meetings of the directors, and	155
shall be subject to the control and direction of the directors.	156
(D) Unless otherwise provided in the regulations or	157
ordered by the directors, any committee described in division	158
(A) of this section may act by a majority of its members at a	159
meeting or by a writing or writings signed by all of its	160
members.	161

(E) Meetings of committees described in division (A) of 162
this section may be held by any means of authorized 163
communications equipment, unless participation by members of the 164
committee at a meeting by means of authorized communications 165
equipment is prohibited by the articles, the regulations, or an 166
order of the directors. Participation in a meeting pursuant to 167
this division constitutes presence at the meeting. 168

(F) An act or authorization of an act by any committee 169
described in division (A) of this section within the authority 170
delegated to it shall be as effective for all purposes as the 171
act or authorization of the directors. 172

(G) Unless otherwise provided in the articles, the 173
regulations, or the resolution of the directors creating a 174
committee described in division (A) of this section, a committee 175
described in division (A) of this section may do both of the 176
following: 177

(1) Create one or more subcommittees, each of which 178
consists of one or more members of the committee; 179

(2) Delegate to a subcommittee any or all of the powers 180
and authority of the committee. 181

Sec. 1702.341. (A) Unless the articles, the regulations, 182
or a written agreement with an officer establishes additional 183
fiduciary duties, the only fiduciary duties of an officer are 184
the duties to the corporation set forth in division (B) of this 185
section. 186

(B) An officer shall perform the officer's duties to the 187
corporation in good faith, in a manner the officer reasonably 188
believes to be in or not opposed to the best interests of the 189
corporation, and with the care that an ordinarily prudent person 190

in a like position would use under similar circumstances. In 191
performing an officer's duties, an officer is entitled to rely 192
on information, opinions, reports, or statements, including 193
financial statements and other financial data, that are prepared 194
or presented by any of the following: 195

(1) One or more directors, officers, or employees of the 196
corporation who the officer reasonably believes are reliable and 197
competent in the matters prepared or presented; 198

(2) Counsel, public accountants, or other persons as to 199
matters that the officer reasonably believes are within the 200
person's professional or expert competence. 201

(C) For purposes of this section, both of the following 202
apply: 203

(1) In any action brought against an officer, the officer 204
shall not be found to have violated the officer's duties under 205
division (B) of this section unless it is proved by clear and 206
convincing evidence that the officer has not acted in good 207
faith, in a manner the officer reasonably believes to be in or 208
not opposed to the best interests of the corporation, or with 209
the care that an ordinarily prudent person in a like position 210
would use under similar circumstances. 211

(2) An officer shall not be considered to be acting in 212
good faith if the officer has knowledge concerning the matter in 213
question that would cause reliance on information, opinions, 214
reports, or statements that are prepared or presented by any of 215
the persons described in division (B)(1) or (2) of this section 216
to be unwarranted. 217

(D) An officer shall be liable in damages for a violation 218
of the officer's duties under division (B) of this section only 219

if it is proved by clear and convincing evidence in a court of 220
competent jurisdiction that the officer's action or failure to 221
act involved an act or omission undertaken with deliberate 222
intent to cause injury to the corporation or undertaken with 223
reckless disregard for the best interests of the corporation. 224
This division does not apply if, and only to the extent that, at 225
the time of an officer's act or omission that is the subject of 226
the complaint, either of the following is true: 227

(1) The articles or the regulations of the corporation 228
state by specific reference to division (D) of this section that 229
the provisions of division (D) of this section do not apply to 230
the corporation. 231

(2) A written agreement between the officer and the 232
corporation states by specific reference to division (D) of this 233
section that the provisions of division (D) of this section do 234
not apply to the officer. 235

(E) Nothing in this section affects the duties of an 236
officer who acts in any capacity other than the officer's 237
capacity as an officer. Nothing in this section affects any 238
contractual obligations of an officer to the corporation. 239

Sec. 1702.38. (A) The articles may be amended from time to 240
time in any respect if the articles as amended set forth all the 241
provisions that are required in, and only those provisions that 242
may properly be in, original articles filed at the time of 243
adopting the amendment, other than with respect to the initial 244
directors, except that a public benefit corporation shall not 245
amend its articles in such manner that it will cease to be a 246
public benefit corporation. 247

(B) Without limiting the generality of the authority 248

described in division (A) of this section, the articles may be	249
amended to:	250
(1) Change the name of the corporation;	251
(2) Change the place in this state where its principal office is to be located;	252 253
(3) Change, enlarge, or diminish its purpose or purposes;	254
(4) Change any provision of the articles or add any provision that may properly be included in the articles.	255 256
(C) (1) <u>If initial directors are not named in the articles,</u> <u>at any time prior to a meeting of voting members and before the</u> <u>incorporators have elected directors, the incorporators or a</u> <u>majority of them, at a meeting, may adopt an amendment.</u>	257 258 259 260
<u>(2) The voting members present in person, by use of</u> authorized communications equipment, by mail, or, if permitted, by proxy at a meeting held for that purpose, may adopt an amendment by the affirmative vote of a majority of the voting members present if a quorum is present or, if the articles or the regulations provide or permit, by the affirmative vote of a greater or lesser proportion or number of the voting members, and by the affirmative vote of the voting members of any particular class that is required by the articles or the regulations.	261 262 263 264 265 266 267 268 269 270
(2) <u>(3) For purposes of division (C) (1) or (2) of this</u> section, participation by a voting member at a meeting through the use of any of the means of communication described in that division constitutes presence in person of that voting member at the meeting for purposes of determining a quorum.	271 272 273 274 275
(D) In addition to or in lieu of adopting an amendment to	276

the articles, the voting members may adopt amended articles by 277
the same action or vote as that required to adopt the amendment. 278

(E) The directors may adopt amended articles to 279
consolidate the original articles and all previously adopted 280
amendments to the articles that are in force at the time, or the 281
voting members at a meeting held for that purpose may adopt the 282
amended articles by the same vote as that required to adopt an 283
amendment. 284

(F) Amended articles shall set forth all the provisions 285
that are required in, and only the provisions that may properly 286
be in, original articles filed at the time of adopting the 287
amended articles, other than with respect to the initial 288
directors, and shall contain a statement that they supersede the 289
existing articles. 290

(G) Upon the adoption of any amendment or amended 291
articles, a certificate containing a copy of the resolution 292
adopting the amendment or amended articles, a statement of the 293
manner of its adoption, and, in the case of adoption of the 294
resolution by the directors, a statement of the basis for such 295
adoption, shall be filed with the secretary of state, and upon 296
that filing the articles shall be amended accordingly, and the 297
amended articles shall supersede the existing articles. The 298
certificate shall be signed by any authorized officer of the 299
corporation. 300

(H) A copy of an amendment or amended articles changing 301
the name of a corporation or its principal office in this state, 302
certified by the secretary of state, may be filed for record in 303
the office of the county recorder of any county in this state, 304
and for that recording the county recorder shall charge and 305
collect the same fee as provided for in division (A) (1) of 306

section 317.32 of the Revised Code. That copy shall be recorded 307
in the official records of the county recorder. 308

Sec. 1702.521. (A) Upon the complaint of not less than 309
one-fourth of the directors of the corporation or upon the 310
complaint of not less than one-fourth of the voting members of 311
the corporation, the court of common pleas of the county in 312
which the corporation maintains its principal office may order 313
the appointment of a provisional director for that corporation 314
if the articles or regulations of the corporation expressly 315
provide for such an appointment. No appointment shall be made 316
until a hearing is held by the court. Notice of the hearing 317
shall be given to each director and the secretary of the 318
corporation in any manner that the court directs. The 319
complainants shall establish at the hearing that, because of 320
irreconcilable differences among the existing directors or 321
because there are no directors and the voting members are unable 322
to elect any directors, the continued operation of the 323
corporation has been substantially impeded or made impossible. 324

(B) A provisional director shall have the same rights and 325
duties as other directors and shall serve until removed by the 326
appointing court or by the members of the corporation entitled 327
to exercise a majority of the voting power of the corporation in 328
the election of directors or until the provisional director's 329
earlier resignation or death. If the provisional director dies 330
or resigns, the court, pursuant to division (A) of this section, 331
may appoint a replacement provisional director, upon its own 332
motion and without the filing of a complaint for the appointment 333
of a provisional director. If the appointing court finds that 334
the irreconcilable differences no longer exist, it shall order 335
the removal of the provisional director. 336

(C) No person shall be appointed as a provisional director 337
unless the person is generally conversant with corporate 338
affairs, has no legal or equitable interest in the obligations 339
of the corporation of which the person is to be appointed a 340
director, and is not indebted to such corporation. The 341
compensation of a provisional director shall be determined by 342
agreement with the corporation for which the provisional 343
director is serving, subject to the approval of the appointing 344
court, except that the appointing court may fix the provisional 345
director's compensation in the absence of agreement or in the 346
event of disagreement between the provisional director and the 347
corporation. 348

(D) A proceeding concerning the appointment of a 349
provisional director of a corporation is a special proceeding, 350
and final orders issued in the proceeding may be vacated, 351
modified, or reversed on appeal pursuant to the Rules of 352
Appellate Procedure and, to the extent not in conflict with 353
those rules, Chapter 2505. of the Revised Code. 354

Sec. 1702.53. (A) A copy of the articles or amended 355
articles filed in the office of the secretary of state, 356
certified by the secretary of state, shall be conclusive 357
evidence, except as against the state, that the corporation has 358
been incorporated under the laws of this state; and a copy duly 359
certified by the secretary of state of any certificate of 360
amendment or other certificate filed in the secretary of state's 361
office shall be prima-facie evidence of such amendment or of the 362
facts stated in any such certificate, and of the observance and 363
performance of all antecedent conditions necessary to the action 364
which such certificate purports to evidence. 365

(B) A copy of amended articles filed in the office of the 366

secretary of state, certified by the secretary of state, shall 367
be accepted in this state and other jurisdictions in lieu of the 368
original articles, amendments thereto, and prior amended 369
articles. 370

(C) The original or a copy of the record of minutes of the 371
proceedings of the incorporators of a corporation, or of the 372
proceedings or meetings of the members or any class of members, 373
or of the directors, or of any committee thereof, including any 374
written consent, waiver, release, or agreement entered in such 375
record or minutes, or the original or a copy of a statement that 376
no specified proceeding was had or that no specified consent, 377
waiver, release, or agreement exists, shall, when certified to 378
be true by the secretary or an assistant secretary of a 379
corporation, be received in the courts as prima-facie evidence 380
of the facts stated therein. Every meeting referred to in such 381
certified original or copy shall be deemed duly called and held, 382
and all motions and resolutions adopted and proceedings had at 383
such meeting shall be deemed duly adopted and had, and all 384
elections of directors and all elections or appointments of 385
officers chosen at such meeting shall be deemed valid, until the 386
contrary is proved; and whenever a person who is not a member of 387
a corporation has acted in good faith in reliance upon any such 388
certified original or copy, it is conclusive in the person's 389
favor. 390

(D) (1) A certificate issued by the secretary of state 391
confirming that a corporation is in good standing is, for seven 392
days after the date on the certificate, conclusive evidence of 393
both of the following: 394

(a) That the authority of a domestic corporation has not 395
been limited as described in section 1702.49 or 1702.52 of the 396

<u>Revised Code, provided that both of the following apply:</u>	397
<u>(i) The person relying on the certificate had no knowledge</u>	398
<u>that the corporation's articles had been canceled.</u>	399
<u>(ii) The certificate is not presented as evidence against</u>	400
<u>the state.</u>	401
<u>(b) That the license authorizing a foreign corporation to</u>	402
<u>transact business in this state has not expired, been canceled,</u>	403
<u>or been surrendered.</u>	404
<u>(2) For purposes of division (D) of this section, "good</u>	405
<u>standing" means that the authority of the corporation to carry</u>	406
<u>on business is not limited by section 1702.49 of the Revised</u>	407
<u>Code.</u>	408
Sec. 1702.531. <u>(A) Absent an express agreement to the</u>	409
<u>contrary, a person providing goods to or performing services for</u>	410
<u>a domestic or foreign corporation owes no duty to, incurs no</u>	411
<u>liability or obligation to, and is not in privity with the</u>	412
<u>members or creditors of the corporation by reason of providing</u>	413
<u>goods to or performing services for the corporation.</u>	414
<u>(B) Absent an express agreement to the contrary, a person</u>	415
<u>providing goods to or performing services for a member or group</u>	416
<u>of members of a domestic or foreign corporation owes no duty to,</u>	417
<u>incurs no liability or obligation to, and is not in privity with</u>	418
<u>the corporation, any other members of the corporation, or the</u>	419
<u>creditors of the corporation by reason of providing goods to or</u>	420
<u>performing services for the member or group of members.</u>	421
Sec. 1702.55. <u>(A) The members, the directors, and the</u>	422
<u>officers of a corporation shall not be personally liable for any</u>	423
<u>obligation of the corporation.</u>	424

~~(B) Directors who~~ In addition to any other liabilities 425
imposed by law upon directors of a corporation and except as 426
provided in division (D) of this section, directors shall be 427
jointly and severally liable to the corporation as provided in 428
division (C) of this section if they vote for or assent to any 429
of the following: 430

(1) A distribution of assets to members contrary to law or 431
the articles; 432

(2) A distribution of assets to persons other than 433
creditors during the winding up of the affairs of the 434
corporation, on dissolution or otherwise, without the payment of 435
all known obligations of the corporation, or without making 436
adequate provision therefor; 437

(3) The making of loans, other than in the usual conduct 438
of its affairs or in accordance with provisions therefor in the 439
articles, to an officer, or director, ~~or member~~ of the 440
corporation; ~~shall be jointly and severally liable to the~~ 441
~~corporation as follows: in~~ other than if, at the time of the 442
making of the loan, a majority of the disinterested directors of 443
the corporation voted for the loan and, taking into account the 444
terms and provisions of the loan and other relevant factors, 445
determined that the making of the loan could reasonably be 446
expected to benefit the corporation. 447

(C) (1) In cases under division (B) (1) of this section, up 448
to the amount of such distribution in excess of the amount that 449
could have been distributed without violation of law or the 450
articles, but not in excess of the amount that would inure to 451
the benefit of the creditors of the corporation if it was 452
insolvent at the time of the distribution or there was 453
reasonable ground to believe that by such action it would be 454

rendered insolvent, or to the benefit of the members other than 455
members of the class in respect of which the distribution was 456
made; ~~and in~~ 457

(2) In cases under division (B) (2) of this section, to the 458
extent that such obligations (not otherwise barred by statute) 459
are not paid, or for the payment of which adequate provision has 460
not been made; ~~and in~~ 461

(3) In cases under division (B) (3) of this section, for 462
the amount of the loan with interest thereon at the rate ~~of six~~ 463
~~per cent per annum until such~~ specified in section 1343.03 of 464
the Revised Code until the amount has been paid, ~~except that a.~~ 465

(D) A director shall not be liable under ~~division~~ 466
~~divisions~~ (B) (1) and (C) (1) or ~~(2)~~ divisions (B) (2) and (C) (2) 467
of this section if in determining the amount available for any 468
such distribution, the director in good faith relied on a 469
financial statement of the corporation prepared by an officer or 470
employee of the corporation in charge of its accounts or 471
certified by a public accountant or firm of public accountants, 472
or in good faith the director considered the assets to be of 473
their book value, or the director followed what the director 474
believed to be sound accounting and business practice. 475

~~(C)~~ (E) A director who is present at a meeting of the 476
directors or a committee thereof at which action on any matter 477
is authorized or taken and who has not voted for or against such 478
action shall be presumed to have voted for the action unless the 479
director's written dissent therefrom is filed either during the 480
meeting or within a reasonable time after the adjournment 481
thereof, with the person acting as secretary of the meeting or 482
with the secretary of the corporation. 483

~~(D)~~ (F) A member who knowingly receives any distribution 484
made contrary to law or the articles shall be liable to the 485
corporation for the amount received by the member that is in 486
excess of the amount that could have been distributed without 487
violation of law or the articles. 488

~~(E)~~ (G) A director against whom a claim is asserted under 489
or pursuant to this section and who is held liable thereon shall 490
be entitled to contribution, on equitable principles, from other 491
directors who also are liable; and in addition, any director 492
against whom a claim is asserted under or pursuant to this 493
section or who is held liable shall have a right of contribution 494
from the members who knowingly received any distribution made 495
contrary to law or the articles, and such members as among 496
themselves shall also be entitled to contribution in proportion 497
to the amounts received by them respectively. 498

~~(F)~~ (H) The fact that a loan is made in violation of this 499
section does not affect the borrower's liability on the loan. 500

(I) No action shall be brought by or on behalf of a 501
corporation upon any cause of action arising under division (B) 502
(1) or (2) of this section at any time after two years from the 503
day on which the violation occurs. 504

~~(G)~~ (J) Nothing contained in this section shall preclude 505
any creditor whose claim is unpaid from exercising such rights 506
as the creditor otherwise would have by law to enforce the 507
creditor's claim against assets of the corporation distributed 508
to members or other persons. 509

Sec. 1745.05. As used in this chapter, unless the context 510
otherwise requires: 511

(A) "Authorized communications equipment" means any 512

communications equipment that provides a transmission, 513
including, but not limited to, by telephone, telecopy, or any 514
electronic means, from which it can be determined that the 515
transmission was authorized by, and accurately reflects the 516
intention of, the member or manager involved and, with respect 517
to meetings, allows all persons participating in the meeting to 518
contemporaneously communicate with each other. 519

(B) (1) "Entity" means any of the following: 520

(a) An unincorporated nonprofit association existing under 521
the laws of this state or any other state; 522

(b) A nonprofit corporation existing under the laws of 523
this state or any other state; 524

(c) A for profit corporation existing under the laws of 525
this state or any other state; 526

(d) Any of the following organizations existing under the 527
laws of this state, the United States, or any other state: 528

(i) An unincorporated business or for profit organization, 529
including a general or limited partnership; 530

(ii) A limited liability company; 531

(iii) Any other legal or commercial entity the formation 532
and operation of which is governed by statute. 533

(2) "Entity" includes a domestic or foreign entity. 534

(C) "Established practices" means the practices used by an 535
unincorporated nonprofit association without material change 536
during the most recent five years of its existence or, if it has 537
existed for less than five years, during its entire existence. 538

(D) "Governing principles" means all agreements, whether 539

oral, in a record, or implied from its established practices, or 540
any combination of them, that govern the purpose or operation of 541
an unincorporated nonprofit association and the rights and 542
obligations of its members and managers. "Governing principles" 543
includes any amendment or restatement of the agreements 544
constituting the governing principles. 545

(E) "Internal Revenue Code" means the "Internal Revenue 546
Code of 1986," 100 Stat. 2085, 26 U.S.C. 1, as amended. 547

(F) "Manager" means a person, irrespective of the person's 548
designation as director or other designation, that is 549
responsible, alone or in concert with others, for the management 550
of an unincorporated nonprofit association as stated in division 551
(E) of section 1745.32 of the Revised Code. 552

(G) "Member" means a person that, under the governing 553
principles of an unincorporated nonprofit association, is 554
entitled to participate in the selection of persons authorized 555
to manage the affairs of the association or in the adoption of 556
the policies and activities of the association. 557

(H) "Mutual benefit association" means any unincorporated 558
nonprofit association organized under this chapter other than a 559
public benefit association. 560

(I) "Person" means an individual, corporation, business 561
trust, statutory entity trust, estate, trust, partnership, 562
limited liability company, cooperative, association, joint 563
venture, public corporation, government or governmental 564
subdivision, agency, or instrumentality, two or more persons 565
having a joint or common interest, or any other legal or 566
commercial entity. 567

(J) "Public benefit association" means an unincorporated 568

nonprofit association that is exempt from federal income 569
taxation under section 501(c)(3) of the Internal Revenue Code or 570
is organized for a public or charitable purpose and that upon 571
dissolution must distribute its assets to a public benefit 572
association, the United States, a state or any political 573
subdivision of a state, or a person that is recognized as exempt 574
from federal income taxation under section 501(c)(3) of the 575
Internal Revenue Code. 576

(K) "Public benefit entity" means an entity that is 577
recognized as exempt from federal income taxation under section 578
501(c)(3) of the Internal Revenue Code or is organized for a 579
public or charitable purpose and that upon dissolution must 580
distribute its assets to a public benefit entity, the United 581
States, a state or any political subdivision of a state, or a 582
person that is recognized as exempt from federal income taxation 583
under section 501(c)(3) of the Internal Revenue Code. "Public 584
benefit entity" does not include an entity that is organized by 585
one or more municipal corporations to further a public purpose 586
that is not a charitable purpose. 587

(L) "Record" means information that is inscribed on a 588
tangible medium or that is stored in an electronic or other 589
medium and is retrievable in perceivable form. 590

(M) "Unincorporated nonprofit association" means an 591
unincorporated organization, consisting of two or more members 592
joined by mutual consent pursuant to an agreement, written, 593
oral, or inferred from conduct, for one or more common, 594
nonprofit purposes. "Unincorporated nonprofit association" does 595
not include any of the following: 596

(1) A trust; 597

- (2) A marriage, domestic partnership, common law relationship, or other domestic living arrangement; 598
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- (3) An organization that is formed under any other statute that governs the organization and operation of unincorporated associations; 600
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- (4) A joint tenancy, tenancy in common, or tenancy by the entireties notwithstanding that the co-owners share use of the property for a nonprofit purpose; 603
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- (5) A religious organization that operates according to the rules, regulations, canons, discipline, or customs established by the organization, including any ministry, apostolate, committee, or group within that organization, unless the governing principles of such organization specifically provide that division (M) (5) of this section does not apply to such organization. 606
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- (N) (1) Subject to division (N) (2) of this section, "volunteer" means a manager, officer, member, or agent of an unincorporated nonprofit association, or another person acting for the association, who satisfies both of the following: 613
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- (a) Performs services for or on behalf of, and under the authority or auspices of, that unincorporated nonprofit association; 617
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- (b) Does not receive compensation, either directly or indirectly, for performing those services. 620
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- (2) For purposes of division (N) (1) of this section, "compensation" does not include any of the following: 622
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- (a) Actual and necessary expenses that are incurred by a volunteer in connection with the services performed for an 624
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unincorporated nonprofit association and that are reimbursed to	626
the volunteer or otherwise paid;	627
(b) Insurance premiums paid on behalf of a volunteer, and	628
amounts paid or reimbursed, pursuant to divisions (A) and (G) of	629
section 1745.43 of the Revised Code;	630
(c) Modest perquisites.	631
Section 2. That existing sections 1702.27, 1702.30,	632
1702.33, 1702.38, 1702.521, 1702.53, 1702.55, and 1745.05 of the	633
Revised Code are hereby repealed.	634