

As Introduced

**136th General Assembly
Regular Session
2025-2026**

H. B. No. 720

Representative Young

To amend sections 117.30, 117.36, and 1715.51 and 1
to enact sections 117.281, 1715.60, 1715.61, 2
1715.62, 1715.63, 1715.64, 1715.65, 1715.66, 3
1715.67, 1715.68, 1715.69, 1715.70, and 1715.71 4
of the Revised Code to establish standards for 5
transparency and oversight of non-private 6
endowment funds and to permit the state to 7
recover public money provided to tax-exempt 8
organizations that fail to comply with federal 9
tax regulation and reporting law. 10

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

Section 1. That sections 117.30, 117.36, and 1715.51 be 11
amended and sections 117.281, 1715.60, 1715.61, 1715.62, 12
1715.63, 1715.64, 1715.65, 1715.66, 1715.67, 1715.68, 1715.69, 13
1715.70, and 1715.71 of the Revised Code be enacted to read as 14
follows: 15

Sec. 117.281. (A) As used in this section: 16

(1) "Covered organization" means any organization exempt 17
from income tax under section 501 of the Internal Revenue Code. 18

(2) "Internal Revenue Code" has the same meaning as in 19
section 5747.01 of the Revised Code. 20

(B) Where an audit report, accounting, or any other 21
investigation sets forth that a public office has placed or 22
deposited public money into a fund or account of a covered 23
organization that has failed to adhere to any regulation or 24
reporting required by the Internal Revenue Code or any 25
regulation adopted thereunder, the officer receiving the report 26
or accounting, the auditor of state, or the auditor of state's 27
appointee may, within one hundred twenty days after receiving 28
the report, accounting, or investigation findings, institute a 29
civil action in the proper court in the name of the public 30
office from which the public money was received for the recovery 31
of the money or property and prosecute the action to final 32
determination. 33

(C) The auditor of state shall notify the attorney general 34
in writing of every audit report, accounting, or investigation 35
that sets forth that any public money has been placed or 36
deposited into a fund or account of a covered organization that 37
has failed to adhere to any regulation or reporting required by 38
the Internal Revenue Code or any regulation adopted thereunder, 39
and of the date that the report was filed or that the accounting 40
or investigation was completed. 41

(D) Within one hundred twenty days after receiving a 42
certified copy of the audit report, accounting, or investigation 43
findings, the officer, auditor of state, or the auditor of 44
state's appointee shall notify the attorney general in writing 45
of whether any legal action has been taken. If no legal action 46
has been taken, the officer, auditor of state, or the auditor of 47
state's appointee, within the same period, shall notify the 48
attorney general in writing of the reason why legal action has 49
not been taken. The attorney general or the attorney general's 50
assistant may appear in any action on behalf of the public 51

office and may, either in conjunction with, or independent of 52
the officer, auditor of state, or auditor of state's appointee, 53
prosecute an action to final determination. The attorney general 54
may bring the action in any case where the officer, auditor of 55
state, or auditor of state's appointee fails to do so within one 56
hundred twenty days after the audit report has been filed. 57

(E) The provisions of this section apply to public money 58
deposited into a fund or account of a covered organization on or 59
after the effective date of this section. 60

Sec. 117.30. Where an audit report made of any office of 61
an officer receiving a report pursuant to section 117.27 of the 62
Revised Code sets forth that public money has been illegally 63
expended, or that any public money collected has not been 64
accounted for, or that any public money due has not been 65
collected, or that any public property has been converted or 66
misappropriated, or where an audit report, accounting, or 67
investigation sets forth that a public office has placed or 68
deposited public money into a fund or account of a covered 69
organization that has failed to adhere to any regulation or 70
reporting required by the Internal Revenue Code, as defined by 71
section 5747.01 of the Revised Code, or any regulation adopted 72
thereunder, a certified copy of the report, accounting, or 73
investigation findings shall be filed with the attorney general. 74
Within one hundred twenty days after receiving the copy, the 75
attorney general may institute appropriate legal action in the 76
proper court on behalf of the public office. 77

Sec. 117.36. The civil actions provided for in this 78
chapter may be entertained, heard, and determined by any court 79
having jurisdiction of the amount involved or having 80
jurisdiction to afford the remedy prayed for, notwithstanding 81

the absence of any other law authorizing such civil actions to 82
be filed by the governor, the attorney general, ~~or~~ the officer 83
receiving a report pursuant to section 117.27 of the Revised 84
Code, or the auditor of state or the auditor of state's 85
appointee pursuant to section 117.281 of the Revised Code. In 86
any action it is sufficient for the plaintiff to allege in the 87
petition so much of the factual information contained in the 88
report of the auditor of state as relates to the claim or action 89
against the defendant therein and that the amount claimed 90
against the defendant is unpaid. The plaintiff is not required 91
to state separately and number in ~~his~~ the plaintiff's petition 92
any separate causes of action, or the factual findings of the 93
report, upon whatever claims or circumstances based, since they 94
are deemed to constitute a single cause of action; nor is ~~he~~ the 95
plaintiff required to set forth any other or further factual 96
matter relating to ~~his~~ the claim or action. A certified copy of 97
any portion of the report containing factual information is 98
prima-facie evidence in determining the truth of the allegations 99
of the petition. 100

Sec. 1715.51. As used in sections 1715.51 to ~~1715.59~~ 101
1715.71 of the Revised Code: 102

(A) "Charitable purpose" means any purpose the achievement 103
of which is beneficial to the community, including the relief of 104
poverty, the advancement of education or religion, the promotion 105
of health, and the promotion of a governmental purpose. 106

(B) "Institution" means any of the following: 107

(1) A person, other than an individual, organized and 108
operated exclusively for charitable purposes; 109

(2) A governmental organization to the extent that it 110

holds funds exclusively for a charitable purpose;	111
(3) A trust that had both charitable and noncharitable interests and the noncharitable interests have terminated.	112 113
(C) "Institutional fund" means a fund that is held by an institution exclusively for charitable purposes. "Institutional fund" does not include any of the following:	114 115 116
(1) Program-related <u>Program-related</u> assets;	117
(2) A fund held for an institution by a trustee that is not an institution;	118 119
(3) A fund in which a beneficiary that is not an institution has an interest other than an interest that may arise upon a violation of or the failure of the purposes of the fund.	120 121 122 123
(D) "Endowment fund" means an institutional fund or any part thereof that, under the terms of a gift instrument, is not wholly expendable by the institution on a current basis. "Endowment fund" does not include assets that an institution designates as an endowment fund for its own use.	124 125 126 127 128
(E) "Gift instrument" means a record or records, including an institutional solicitation, under which property is granted to, transferred to, or held by an institution as an institutional fund.	129 130 131 132
(F) <u>"Non-private endowment fund" means an endowment fund held by a non-private institution.</u>	133 134
(G) <u>"Non-private institution" means an institution that is not a private institution, private college, or private university, including any institution incorporated under Chapter 1713. of the Revised Code.</u>	135 136 137 138

(H) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation, governmental organization, or any other legal or commercial entity.

~~(G)~~(I) "~~Program-related~~Program-related asset" means an asset held by an institution primarily to accomplish a charitable purpose of the institution and not primarily for investment.

~~(H)~~(J) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

Sec. 1715.60. The donor who establishes a non-private endowment fund may appoint a representative to oversee the use, management, investment, and appropriation of that non-private endowment fund.

Sec. 1715.61. (A) A non-private institution shall not make any transfer between a donor-restricted non-private endowment fund and any other fund, including an institutional fund, unless at least one of the following applies:

(1) The gift instrument expressly permits transfers between the non-private endowment fund and another fund.

(2) The establishing donor of the non-private endowment fund consents in a record.

(3) The gift instrument is modified pursuant to section 1715.55 of the Revised Code to permit transfers between the endowment fund and another fund.

(B) The establishing donor of a non-private endowment fund to a non-private institution or a representative appointed

pursuant to section 1715.60 of the Revised Code may submit to 167
the charitable law section of the office of the attorney general 168
a written notice of concern if the donor or representative has a 169
reasonable belief that the non-private institution has violated 170
division (A) of this section. 171

Sec. 1715.62. A non-private institution has discretion 172
over the use of any funds in a non-private endowment fund that 173
are not donor-restricted, provided that the non-private 174
institution makes publicly available an accurate, complete, and 175
clear accounting of the amount of such funds expended and the 176
purpose for their expenditure. 177

Sec. 1715.63. (A) Beginning on the first day of January 178
following the effective date of this section, a non-private 179
institution that manages and invests a donor-restricted non- 180
private endowment fund, the value of which exceeds five million 181
dollars, shall annually prepare and file with the office of the 182
attorney general and the non-private institution's governing 183
board, or equivalent body, a report that contains all of the 184
following information: 185

(1) The market value of the non-private endowment fund; 186

(2) The non-private institution's investment asset 187
allocation; 188

(3) The non-private institution's spending policy; 189

(4) The non-private institution's spending rate with 190
respect to the non-private endowment fund; 191

(5) Annual appropriations to the non-private endowment 192
fund; 193

(6) Deficits for the non-private endowment fund; 194

<u>(7) Material deviations from donor restrictions;</u>	195
<u>(8) Any suspension or override of investment or spending policies.</u>	196 197
<u>(B) The establishing donor of a non-private endowment fund to a non-private institution or a representative appointed pursuant to section 1715.60 of the Revised Code may submit to the charitable law section of the office of the attorney general a written notice of concern if the donor or representative has a reasonable belief that the non-private institution is not in compliance with the charitable purpose or endowment obligations of the non-private endowment fund or a restriction contained in a gift instrument regarding the use, management, or investment of the non-private endowment fund.</u>	198 199 200 201 202 203 204 205 206 207
Sec. 1715.64. <u>(A) Beginning on the first day of January following the effective date of this section, and at least once during each five-year period thereafter, a non-private institution that manages and invests a non-private endowment fund shall conduct a sustainability review and produce a written report with its details, findings, and conclusions. The sustainability review shall do both of the following:</u>	208 209 210 211 212 213 214
<u>(1) Contain all of the same information required for the annual report under section 1715.63 of the Revised Code;</u>	215 216
<u>(2) Evaluate all of the following:</u>	217
<u>(a) Compliance with the non-private institution's fiduciary duties;</u>	218 219
<u>(b) Compliance with the donor's intent;</u>	220
<u>(c) Compliance with prudence standards;</u>	221
<u>(d) The duration and preservation of the non-private</u>	222

<u>endowment fund;</u>	223
<u>(e) The purposes of the institution and the non-private</u>	224
<u>endowment fund;</u>	225
<u>(f) General economic conditions;</u>	226
<u>(g) The possible effect of inflation or deflation;</u>	227
<u>(h) The expected total return from income and the</u>	228
<u>appreciation of investments;</u>	229
<u>(i) Other resources of the non-private institution;</u>	230
<u>(j) The investment policy of the non-private institution.</u>	231
<u>(B) A non-private institution that manages and invests a</u>	232
<u>non-private endowment fund shall submit to the attorney general</u>	233
<u>a written summary of each sustainability review conducted under</u>	234
<u>division (A) of this section.</u>	235
<u>(C) A non-private institution that manages and invests a</u>	236
<u>non-private endowment fund shall retain and make available to</u>	237
<u>the public the written report created pursuant to division (A)</u>	238
<u>of this section. The non-private institution shall redact</u>	239
<u>confidential or personal identifying information in the publicly</u>	240
<u>available written report.</u>	241
<u>(D) The establishing donor of a non-private endowment fund</u>	242
<u>to a non-private institution or a representative appointed</u>	243
<u>pursuant to section 1715.60 of the Revised Code may submit to</u>	244
<u>the charitable law section of the office of the attorney general</u>	245
<u>a written notice of concern if the donor or representative has a</u>	246
<u>reasonable belief that the non-private endowment fund is</u>	247
<u>unsustainable based on the sustainability review produced by the</u>	248
<u>non-private institution.</u>	249

Sec. 1715.65. (A) (1) The appropriate court, upon 250
application of a non-private institution or the attorney 251
general, shall modify the endowment obligations of a non-private 252
endowment fund or a restriction contained in a gift instrument 253
regarding the use, management, or investment of a non-private 254
endowment fund if the sustainability review conducted pursuant 255
to section 1715.64 of the Revised Code concludes that the 256
endowment obligations or restriction are, or will become, 257
unsustainable under the charitable purpose of the non-private 258
endowment fund. To the extent practicable, any modification made 259
under this section shall be done in accordance with the donor's 260
probable intention. 261

(2) The court, upon application of a non-private 262
institution or the attorney general, may modify the charitable 263
purpose of a non-private endowment fund if the sustainability 264
review conducted pursuant to section 1715.64 of the Revised Code 265
concludes that the specific charitable purpose is, or will 266
become, unsustainable. Any modification shall be made in a 267
manner consistent with the charitable purposes expressed in the 268
gift instrument. 269

(B) The attorney general is a necessary party to and shall 270
be served with process in all proceedings pertaining to an 271
application under this section. 272

(C) In making a modification pursuant to division (A) of 273
this section, the court shall modify the obligations of the non- 274
private endowment fund, charitable purpose, or restriction 275
contained in the gift instrument to the least extent necessary 276
to ensure the non-private endowment fund's sustainability. If a 277
non-private endowment fund expires upon a given date or upon the 278
occurrence of a specified condition, any modification shall be 279

<u>made with the purpose of sustaining the non-private endowment</u>	280
<u>fund only until the occurrence of that date or condition.</u>	281
<u>(D) Nothing in this section requires a court to modify the</u>	282
<u>endowment obligations of a non-private endowment fund,</u>	283
<u>charitable purpose, or restriction contained in a gift</u>	284
<u>instrument when the non-private endowment fund is not perpetual</u>	285
<u>under the terms of the gift instrument.</u>	286
<u>Sec. 1715.66. The attorney general has sole authority to</u>	287
<u>enforce the provisions of sections 1715.60 to 1715.71 of the</u>	288
<u>Revised Code.</u>	289
<u>Sec. 1715.67. (A) The attorney general shall review any</u>	290
<u>notice of concern submitted by a donor or representative</u>	291
<u>appointed under section 1715.61, 1715.63, or 1715.64 of the</u>	292
<u>Revised Code and conduct an investigation to determine whether</u>	293
<u>any of the following applies to a non-private institution or</u>	294
<u>non-private endowment fund identified in the notice of concern:</u>	295
<u>(1) The non-private institution is not in compliance with</u>	296
<u>the charitable purpose or endowment obligations of the non-</u>	297
<u>private endowment fund or a restriction contained in a gift</u>	298
<u>instrument regarding the use, management, or investment of the</u>	299
<u>non-private endowment fund.</u>	300
<u>(2) The non-private institution has violated division (A)</u>	301
<u>of section 1715.61 of the Revised Code.</u>	302
<u>(3) The non-private endowment fund is unsustainable.</u>	303
<u>(B) Upon receipt of a report submitted in accordance with</u>	304
<u>section 1715.63 or 1715.64 of the Revised Code, the attorney</u>	305
<u>general may conduct an investigation as described in division</u>	306
<u>(A) of this section.</u>	307

(C) In any investigation conducted pursuant to this 308
section, the attorney general may administer oaths, adduce 309
evidence, and request the production of any book, document, 310
record, or other relevant matter. 311

Sec. 1715.68. (A) (1) The attorney general shall issue a 312
notice of noncompliance to a non-private institution if the 313
attorney general determines through an investigation conducted 314
pursuant to section 1715.67 of the Revised Code that either of 315
the following apply to the non-private institution: 316

(a) The non-private institution is not in compliance with 317
the charitable purpose or endowment obligations of the non- 318
private endowment fund or a restriction contained in a gift 319
instrument regarding the use, management, or investment of the 320
non-private endowment fund. 321

(b) The non-private institution has violated division (A) 322
of section 1715.61 of the Revised Code. 323

(2) The attorney general shall issue a notice of 324
unsustainability to a non-private institution if the attorney 325
general determines through an investigation conducted pursuant 326
to section 1715.67 of the Revised Code that a non-private 327
endowment fund held by that non-private institution is 328
unsustainable. 329

(B) The attorney general shall clearly explain in a notice 330
issued under division (A) (1) or (2) of this section the manner 331
in which the institution is in noncompliance or in which the 332
non-private endowment fund is unsustainable. 333

(C) When a notice of noncompliance is issued, the attorney 334
general shall require the non-private institution to submit a 335
corrective action plan to the attorney general. In the notice, 336

the attorney general shall indicate the form and manner in which 337
the corrective action plan is to be submitted and clearly 338
specify the date by which the non-private institution is 339
required to submit the plan. The date that is specified shall 340
not be less than thirty days after the notice is sent. 341

(D) If a non-private institution has misused or improperly 342
appropriated any portion of a non-private endowment fund, the 343
attorney general shall require, as part of the corrective action 344
plan, that the misused or misappropriated funds be repaid to the 345
non-private endowment fund. 346

(E) A non-private institution that receives a notice of 347
noncompliance shall submit to the attorney general a corrective 348
action plan in the form and manner indicated, and by the date 349
specified, in the notice. In the plan, the non-private 350
institution shall provide a detailed description of the 351
corrective action the non-private institution will take to 352
address each instance of noncompliance identified by the 353
attorney general. The non-private institution shall specify the 354
date by which it will complete the corrective action. The date 355
that is specified shall not be more than ninety days after the 356
plan is submitted. 357

(F) A corrective action plan is subject to review and 358
approval by the attorney general. After the attorney general 359
reviews and approves the plan, the attorney general shall 360
monitor and evaluate the non-private institution's compliance 361
with the plan. 362

(G) A non-private institution that complies with and 363
completes a corrective action plan in accordance with this 364
section is not subject to a civil action under section 1715.69 365
of the Revised Code regarding the noncompliance or violation 366

remedied by the corrective action. 367

(H) A non-private institution that receives a notice of 368
unsustainability shall, within ninety days, apply to a court of 369
competent jurisdiction for a modification of the obligations of 370
the non-private endowment fund, charitable purpose, or 371
restriction contained in the gift instrument regarding the use, 372
management, or investment of the non-private endowment fund in 373
accordance with section 1715.65 of the Revised Code. 374

Sec. 1715.69. If a non-private institution has not 375
completed a corrective action plan in accordance with section 376
1715.68 of the Revised Code within one hundred twenty days after 377
the attorney general sends a notice under section 1715.68 of the 378
Revised Code, the attorney general shall file a complaint in a 379
court of competent jurisdiction seeking any or all of the 380
following: 381

(A) An order requiring the repayment of all misused or 382
misappropriated funds to the non-private endowment fund; 383

(B) Injunctive relief ordering compliance with a non- 384
private endowment fund's charitable purpose, endowment 385
obligations, or restrictions contained in the gift instrument; 386

(C) Graduated corrective measures, as determined by the 387
court, to supplement the corrective action plan; 388

(D) A temporary injunction limiting discretionary 389
endowment spending; 390

(E) Enhanced reporting, as determined by the court; 391

(F) Other appropriate relief, as determined by the court. 392

Sec. 1715.70. Nothing in sections 1715.60 to 1715.71 of 393
the Revised Code shall be construed to create or modify criminal 394

liability under the laws of this state. 395

Sec. 1715.71. Sections 1715.60 to 1715.70 of the Revised 396
Code apply only to non-private endowment funds established on 397
and after the effective date of this section. 398

Section 2. That existing sections 117.30, 117.36, and 399
1715.51 of the Revised Code are hereby repealed. 400