

As Introduced

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

S. B. No. 12

Senators Wilson, Cirino

A BILL

To amend sections 1715.51, 3315.10, and 3315.41 and 1
to enact sections 3314.55, 3315.43, and 3326.53 2
of the Revised Code to permit community 3
foundations to create component funds of any 4
charitable funds received by public schools and 5
to classify some funds held by a community 6
foundation as institutional funds. 7

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

Section 1. That sections 1715.51, 3315.10, and 3315.41 be 8
amended and sections 3314.55, 3315.43, and 3326.53 of the 9
Revised Code be enacted to read as follows: 10

Sec. 1715.51. As used in sections 1715.51 to 1715.59 of 11
the Revised Code: 12

(A) "Charitable purpose" means any purpose the achievement 13
of which is beneficial to the community, including the relief of 14
poverty, the advancement of education or religion, the promotion 15
of health, and the promotion of a governmental purpose. 16

(B) "Institution" means any of the following: 17

(1) A person, other than an individual, organized and 18

operated exclusively for charitable purposes; 19

(2) A governmental organization to the extent that it 20
holds funds exclusively for a charitable purpose; 21

(3) A trust that had both charitable and noncharitable 22
interests and the noncharitable interests have terminated. 23

(C) "Institutional fund" means a fund that is held by an 24
institution exclusively for charitable purposes. ~~"Institutional"~~ 25

(1) Except as otherwise provided by division (C) (2) of 26
this section, "institutional fund" does not include any of the 27
following: 28

~~(1) Program-related~~ (a) Program-related assets; 29

~~(2) (b)~~ A fund held for an institution by a trustee that 30
is not an institution; 31

~~(3) (c)~~ A fund in which a beneficiary that is not an 32
institution has an interest other than an interest that may 33
arise upon a violation of or the failure of the purposes of the 34
fund. 35

(2) "Institutional fund" includes a fund held for an 36
institution by a community foundation pursuant to section 37
3314.55, 3315.43, or 3326.53 of the Revised Code. 38

(D) "Endowment fund" means an institutional fund or any 39
part thereof that, under the terms of a gift instrument, is not 40
wholly expendable by the institution on a current basis. 41
"Endowment fund" does not include assets that an institution 42
designates as an endowment fund for its own use. 43

(E) "Gift instrument" means a record or records, including 44
an institutional solicitation, under which property is granted 45

to, transferred to, or held by an institution as an 46
institutional fund. 47

(F) "Person" means an individual, corporation, business 48
trust, estate, trust, partnership, limited liability company, 49
association, joint venture, public corporation, governmental 50
organization, or any other legal or commercial entity. 51

(G) "~~Program-related~~ Program-related asset" means an asset 52
held by an institution primarily to accomplish a charitable 53
purpose of the institution and not primarily for investment. 54

(H) "Record" means information that is inscribed on a 55
tangible medium or that is stored in an electronic or other 56
medium and is retrievable in perceivable form. 57

Sec. 3314.55. (A) For purposes of this section, "community 58
foundation" has the same meaning as in section 3315.43 of the 59
Revised Code. 60

(B) The governing authority of a community school may use 61
a community foundation to create a component fund of any gift or 62
endowment of intangible personal property made by grant, devise, 63
or bequest, or in any other manner, including any of the 64
following: 65

(1) Charitable funds received or created by the community 66
school; 67

(2) Institutional or endowment funds related to the 68
community school received or created pursuant to sections 69
1715.51 to 1715.59 of the Revised Code. 70

(C) Any designation made pursuant to this section remains 71
subject to any conditions and limitations to which the original 72
gift or endowment was subject, or to which the original 73

institutional or endowment fund was subject as described in 74
sections 1715.51 to 1715.59 of the Revised Code. 75

(D) A community foundation that creates a component fund 76
in accordance with this section shall return the property to the 77
community school if any of the following circumstances exist: 78

(1) The community foundation no longer satisfies one or 79
more of the criteria described in division (A) of section 80
3315.43 of the Revised Code. 81

(2) The community foundation is liquidated. 82

(3) The community foundation substantially violates any 83
condition, limitation, or requirement imposed on the property. 84

Sec. 3315.10. The custody, management, and administration 85
of all estates or funds, given or transferred in trust to any 86
municipal corporation for the promotion of education, and 87
accepted by the council thereof, and any institution for the 88
promotion of education so founded, other than a university, 89
shall be committed to, and exercised by, the board of education 90
of the school district including such municipal corporation. 91
~~Such~~ Except as provided in section 3315.43 of the Revised Code, 92
such board shall be the representative and trustee of such 93
municipal corporation in the management and control of such 94
estates and funds so held in trust and in the administration of 95
such institution, excepting funds and estates held by any 96
municipal corporation which are used to maintain a university. 97

For the uses and purposes of such board in administering 98
the trusts, the council of such municipal corporation annually 99
may levy taxes on all the taxable property of such municipal 100
corporation to the amount of three tenths of one mill on the 101
dollar valuation thereof. 102

Sec. 3315.41. A board of education may create a trust or 103
community foundation component fund for investment of money in 104
the education foundation fund created pursuant to section 105
3315.40 of the Revised Code. The instrument creating such a 106
trust shall do all of the following: 107

(A) Appoint a nonprofit foundation that is exempt from 108
income tax under section 501(a) of the "Internal Revenue Code of 109
1986," 100 Stat. 2085, 26 U.S.C. 501(a), as amended, and that is 110
described in section 501(c)(3) of the "Internal Revenue Code of 111
1986," 100 Stat. 2085, 26 U.S.C. 501(c)(3), as amended, ~~as~~ 112
~~trustee~~ including a community foundation as defined in section 113
3315.43 of the Revised Code; designate the school district 114
education foundation fund as the beneficiary; and describe the 115
initial trust principal, which shall not be less than one 116
dollar; 117

(B) Specify that additional amounts may be added to the 118
trust or component fund principal from the education foundation 119
fund; 120

(C) Prohibit invasion of the principal of the trust or 121
component fund; 122

(D) Require the ~~trustee-nonprofit foundation~~ to administer 123
the trust or component fund, including but not limited to, 124
holding, investing, and reinvesting the trust or component fund 125
principal; collecting the income from the investments; and, 126
after deducting the costs of administering the trust or 127
component fund and, if applicable, the ~~trustee's-nonprofit~~ 128
foundation's compensation, paying the net income to the school 129
district treasurer for payment into the school district 130
education foundation fund as beneficiary; 131

(E) Specify the conditions under which the trust or 132
component fund is revocable. Upon revocation, the principal of 133
the trust or component fund shall revert to the board of 134
education. 135

(F) Provide for amendment of the trust or component fund 136
if the board concludes that an amendment will better enable the 137
objectives of the trust or component fund to be achieved; 138

(G) Other provisions the board considers necessary or 139
advisable for successful administration of the trust or 140
component fund and achievement of its objectives. 141

The board may provide for the payment, from the trust or 142
component fund income or otherwise, of a reasonable fee to the 143
~~trustee~~ nonprofit foundation in compensation for its services. 144

If the principal of the trust or component fund created 145
under this section reverts to the board of education the board 146
shall direct the school district treasurer to accept and pay the 147
principal into the education foundation fund created under 148
section 3315.40 of the Revised Code. 149

Unless provided otherwise in the trust or component fund 150
instrument, a trust or component fund created under this 151
section is not subject to Chapter 135. of the Revised Code and 152
shall not be considered a charitable trust under sections 109.23 153
to 109.33 or Chapter 1719. of the Revised Code. 154

For purposes of this section, "component fund" means an 155
individual fund considered by the internal revenue service to be 156
part of the exempt assets of a foundation, under which the 157
foundation's governing board has total control over all assets 158
of the fund. 159

Sec. 3315.43. (A) As used in this chapter, "community 160

foundation" means a foundation that meets all of the following 161
criteria: 162

(1) The foundation is a nonprofit corporation organized 163
under Chapter 1702. of the Revised Code. 164

(2) The foundation supports a specific and defined 165
geographical area, including by doing either or both of the 166
following: 167

(a) Facilitating and pooling donations, including those 168
from individuals, families, businesses, and state or federal 169
grants, to address community needs and supporting local 170
nonprofit corporations and educational institutions; 171

(b) Providing grants, including donor-advised funds, 172
endowments, scholarships, field-of-interest funds, and giving 173
circles. 174

(3) The foundation is exempt from federal income taxation 175
under 26 U.S.C. 170(b)(1)(A)(vi) and 501(c)(3). 176

(4) The foundation is further described in 26 C.F.R. 177
1.170A-9(10) and (11). 178

(5) The foundation publishes at least annually and 179
circulates widely within its community an audited report of its 180
fund balances, activities, and donors. 181

(B) A school district board of education may adopt a 182
resolution to designate a community foundation to create a 183
component fund of any gift or endowment of intangible personal 184
property made by grant, devise, or bequest, or in any other 185
manner, or any proceeds from any gift or endowment, including 186
any of the following: 187

(1) Charitable funds received or created pursuant to 188

sections 3313.17, 3315.10, 3315.41, and 3375.151 of the Revised 189
Code; 190

(2) Institutional or endowment funds related to the school 191
district received or created pursuant to sections 1715.51 to 192
1715.59 of the Revised Code. 193

(C) Any designation made pursuant to this section remains 194
subject to any conditions and limitations to which the original 195
gift or endowment was subject as described in division (A) of 196
section 3313.36 of the Revised Code, or to which the original 197
institutional or endowment fund was subject as described in 198
sections 1715.51 to 1715.59 of the Revised Code. 199

(D) A community foundation that creates a component fund 200
in accordance with this section shall return the property to the 201
school district if any of the following circumstances exist: 202

(1) The community foundation no longer satisfies one or 203
more of the criteria described in division (A) of this section. 204

(2) The community foundation is liquidated. 205

(3) The community foundation substantially violates any 206
condition, limitation, or requirement imposed on the property. 207

Sec. 3326.53. (A) For purposes of this section, "community 208
foundation" has the same meaning as in section 3315.43 of the 209
Revised Code. 210

(B) The governing body of a STEM school that is not 211
governed by a school district under section 3326.51 of the 212
Revised Code may use a community foundation to create a 213
component fund of any gift or endowment of intangible personal 214
property made by grant, devise, or bequest, or in any other 215
manner, including any of the following: 216

<u>(1) Charitable funds received or created by the STEM</u>	217
<u>school;</u>	218
<u>(2) Institutional or endowment funds related to the STEM</u>	219
<u>school received or created pursuant to sections 1715.51 to</u>	220
<u>1715.59 of the Revised Code.</u>	221
<u>(C) Any designation made pursuant to this section remains</u>	222
<u>subject to any conditions and limitations to which the original</u>	223
<u>gift or endowment was subject, or to which the original</u>	224
<u>institutional or endowment fund was subject as described in</u>	225
<u>sections 1715.51 to 1715.59 of the Revised Code.</u>	226
<u>(D) A community foundation that creates a component fund</u>	227
<u>in accordance with this section shall return the property to the</u>	228
<u>STEM school if any of the following circumstances exist:</u>	229
<u>(1) The community foundation no longer satisfies one or</u>	230
<u>more of the criteria described in division (A) of section</u>	231
<u>3315.43 of the Revised Code.</u>	232
<u>(2) The community foundation is liquidated.</u>	233
<u>(3) The community foundation substantially violates any</u>	234
<u>condition, limitation, or requirement imposed on the property.</u>	235
Section 2. That existing sections 1715.51, 3315.10, and	236
3315.41 of the Revised Code are hereby repealed.	237