As Reported by the Senate Judiciary Committee

136th General Assembly

Regular Session 2025-2026

Sub. S. B. No. 146

Senators Gavarone, Timken Cosponsor: Senator Manning

То	enact secti	ion 2307.36 of the Revised Code to	1
	codify the	elements of the common law cause of	2
	action for	"piercing the corporate veil."	3

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

Section 1. That section 2307.36 of the Revised Code be	4
enacted to read as follows:	
Sec. 2307.36. (A) As used in this section:	6
(1) "Affiliate" means a person that directly, or	7
indirectly through one or more intermediaries, controls, is	8
controlled by, is under common control with, or acts in concert	9
with, a specified person.	10
(2) "Covered entity" means a corporation, limited	11
liability company, limited partnership, or any other entity	12
organized under the laws of any jurisdiction, domestic or	13
foreign, of which the covered persons are generally not	14
responsible for the debts and obligations of the covered entity.	15
(3) "Covered person" means any of the following:	16
(a) A person who is the holder, owner, or subscriber of	17
shares or any other ownership interest of a covered entity;	18

(b) A member, officer, or director of a covered entity;	19	
(c) An affiliate of any person who is described in	20	
division (A)(3)(a) or (b) of this section.	21	
(4) "Damages or other penalties" means damages of any kind	22	
or civil or administrative penalties for which liability may	23	
exist under the laws of this state resulting from, arising out		
of, or related to an obligation or liability of a covered	25	
<pre>entity.</pre>	26	
(5) "Governmental entity" means every organized body,	27	
office, political subdivision or agency of a political	28	
subdivision, or agency established by the Ohio Constitution or	29	
the laws of this state for the exercise of any function of state	30	
government.	31	
(B) A covered person has no obligation to, and has no	32	
liability to, any governmental entity for damages or other		
penalties, unless either of the following applies:		
(1) The obligation or liability of the covered person to	35	
the governmental entity for damages or other penalties is	36	
expressly provided for in the Revised Code.	37	
(2) The governmental entity seeks to pierce the corporate	38	
veil by demonstrating all of the following:	39	
(a) The covered person exerted such control over the	40	
covered entity that the covered entity had no separate mind,	41	
will, or existence of its own.	42	
(b) The covered person exercised control over the covered	43	
entity in such a manner as to commit a fraud, an illegal act, or	44	
a similarly unlawful act against the governmental entity seeking		
to pierce the corporate veil.	46	

(c) The governmental entity seeking to pierce the	47	
corporate veil sustained an injury or unjust loss as a result of	48	
the conduct described in divisions (B)(2)(a) and (b) of this	49	
section.	50	
(C) A court shall not find the covered person to have	51	
engaged in the conduct described in division (B)(2) of this	52	
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section solely as a result of any of the following actions,		
events, or relationships:	54	
(1) The covered person provides legal, accounting,	55	
consulting, treasury, cash management, human resources,	56	
administrative, or other similar services to the covered entity,	57	
leases assets to the covered entity, or makes its employees	58	
available to the covered entity.	59	
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(2) The covered person acted or failed to act within the	60	
scope of the covered person's authority or employment.	61	
(3) The covered person loans funds to the covered entity	62	
or guarantees the obligations of the covered entity.	63	
(4) The officers, directors, owners, and members of the	64	
covered person are also the officers, directors, owners, and	65	
members of the covered entity.	66	
members of the covered entity.	00	
(5) The covered entity makes payments of dividends or	67	
other distributions to the covered person or repays loans owed	68	
to the covered person.	69	
(6) In the case of a covered entity that is a limited	70	
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liability company, the covered person or its employees or agents		
serves as the manager of the covered entity.	72	
(D) The governmental entity making a claim for damages or	73	
other penalties against a covered person has the burden of proof	74	

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on each and every element of the governmental entity's claim to		
pierce the corporate veil.		
(E) This section applies to all claims for damages or	77	
other penalties brought against a covered person commenced on or	78	
after the effective date of this section or commenced prior to	79	
and pending on the effective date of this section that has not	80	
had a final appealable order issued on the merits.	81	
(F) Nothing in this section shall be construed as creating	82	
a right or cause of action that did not exist under the common	83	
law as it existed on the effective date of this section.		
(G) Nothing in this section limits or otherwise affects	85	
the liabilities imposed on a general partner of a limited	86	
partnership.	87	