

**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**

\_\_\_\_\_

To enact section 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: 5

**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

|                                                                         |    |
|-------------------------------------------------------------------------|----|
| <u>(b) A member, officer, or director of a covered entity;</u>          | 19 |
| <u>(c) An affiliate of any person who is described in</u>               | 20 |
| <u>division (A) (3) (a) or (b) of this section.</u>                     | 21 |
| <u>(4) "Damages or other penalties" means damages of any kind</u>       | 22 |
| <u>or civil or administrative penalties for which liability may</u>     | 23 |
| <u>exist under the laws of this state resulting from, arising out</u>   | 24 |
| <u>of, or related to an obligation or liability of a covered</u>        | 25 |
| <u>entity.</u>                                                          | 26 |
| <u>(5) "Governmental entity" means every organized body,</u>            | 27 |
| <u>office, political subdivision or agency of a political</u>           | 28 |
| <u>subdivision, or agency established by the Ohio Constitution or</u>   | 29 |
| <u>the laws of this state for the exercise of any function of state</u> | 30 |
| <u>government.</u>                                                      | 31 |
| <u>(B) A covered person has no obligation to, and has no</u>            | 32 |
| <u>liability to, any governmental entity for damages or other</u>       | 33 |
| <u>penalties, unless either of the following applies:</u>               | 34 |
| <u>(1) The obligation or liability of the covered person to</u>         | 35 |
| <u>the governmental entity for damages or other penalties is</u>        | 36 |
| <u>expressly provided for in the Revised Code.</u>                      | 37 |
| <u>(2) The governmental entity seeks to pierce the corporate</u>        | 38 |
| <u>veil by demonstrating all of the following:</u>                      | 39 |
| <u>(a) The covered person exerted such control over the</u>             | 40 |
| <u>covered entity that the covered entity had no separate mind,</u>     | 41 |
| <u>will, or existence of its own.</u>                                   | 42 |
| <u>(b) The covered person exercised control over the covered</u>        | 43 |
| <u>entity in such a manner as to commit a fraud, an illegal act, or</u> | 44 |
| <u>a similarly unlawful act against the governmental entity seeking</u> | 45 |
| <u>to pierce the corporate veil.</u>                                    | 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  
section solely as a result of any of the following actions, 53  
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

(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

(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  
liability company, the covered person or its employees or agents 71  
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

on each and every element of the governmental entity's claim to 75  
pierce the corporate veil. 76

(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. 84

(G) Nothing in this section limits or otherwise affects 85  
the liabilities imposed on a general partner of a limited 86  
partnership. 87