## As Passed by the Senate

## 136th General Assembly

Regular Session 2025-2026

Sub. S. B. No. 146

## **Senators Gavarone, Timken**

Cosponsors: Senators Manning, Chavez, Cirino, Cutrona, Ingram, O'Brien, Reineke, Roegner, Romanchuk, Schaffer, Wilson

То	enact section 2307.36 of the Revised Code to	-
	codify the elements of the common law cause of	2
	action for "piercing the corporate veil."	,

## 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
(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	24
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.	
(B) A covered person has no obligation to, and has no	32
liability to, any governmental entity for damages or other	33
penalties, unless either of the following applies:	34
(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	45

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
section solely as a result of any of the following actions,	53
<pre>events, or relationships:</pre>	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

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