

**As Passed by the Senate**

**127th General Assembly  
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**H. B. No. 134**

**Representative Seitz**

**Cosponsors: Representatives McGregor, J., Zehringer, Collier, Blessing, Combs, Bacon, Uecker, Harwood, Hughes, Flowers, Latta, White, Huffman, Wagoner, Adams, Letson, Wolpert, Batchelder, Coley, Dolan, Seitz, Budish, Dyer, Foley, Okey, Aslanides, Bolon, Book, Brown, Bulp, Daniels, Domenick, Evans, Fende, Fessler, Garrison, Gibbs, Goodwin, Hagan, J., Hagan, R., Hite, Jones, Luckie, Lundy, Mallory, Oelslager, Otterman, Patton, Raussen, Schindel, Schneider, Setzer, Stebelton, Wachtmann, Webster, Yates, Yuko Senators Goodman, Kearney, Mason, Sawyer, Bocchieri, Carey, Buehrer, Harris, Schuring**

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**A B I L L**

To amend sections 1701.55, 1701.782, 1701.792, 1  
1705.21, and 1775.14 of the Revised Code to modify 2  
corporation law relating to the election of 3  
directors and to conform conversion provisions of 4  
Chapter 1701. of the Revised Code with parallel 5  
provisions in Chapters 1705., 1775., and 1782. of 6  
the Revised Code. 7

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

**Section 1.** That sections 1701.55, 1701.782, 1701.792, 8  
1705.21, and 1775.14 of the Revised Code be amended to read as 9  
follows: 10

**Sec. 1701.55.** (A) At a meeting of shareholders at which 11

directors are to be elected, only persons nominated as candidates 12  
shall be eligible for election as directors. 13

(B) ~~At~~ Unless the articles set forth alternative election 14  
standards, at all elections of directors, the candidates receiving 15  
the greatest number of votes shall be elected. 16

(C) Unless the articles are amended as permitted by division 17  
(B)(10) of section 1701.69 of the Revised Code to provide that no 18  
shareholder of a corporation may cumulate ~~his~~ the shareholder's 19  
voting power, each shareholder has the right to vote cumulatively 20  
if notice in writing is given by any shareholder to the president, 21  
a vice-president, or the secretary of a corporation, not less than 22  
forty-eight hours before the time fixed for holding a meeting of 23  
the shareholders for the purpose of electing directors if notice 24  
of the meeting has been given at least ten days before the 25  
meeting, and, if the ten days' notice has not been given, not less 26  
than twenty-four hours before such meeting time, that ~~he~~ the 27  
shareholder desires that the voting at such election shall be 28  
cumulative, provided that an announcement of the giving of such 29  
notice is made upon the convening of the meeting by the ~~chairman~~ 30  
chairperson or secretary or by or on behalf of the shareholder 31  
giving such notice. 32

(D) Unless the articles are amended as permitted by division 33  
(B)(10) of section 1701.69 of the Revised Code to provide that no 34  
shareholder of a corporation may cumulate ~~his~~ the shareholder's 35  
voting power, each shareholder has the right, subject to the 36  
notice requirements contained in division (C) of this section, to 37  
cumulate the voting power ~~he~~ the shareholder possesses and to give 38  
one candidate as many votes as the number of directors to be 39  
elected multiplied by the number of ~~his~~ the shareholder's votes 40  
equals, or to distribute ~~his~~ the shareholder's votes on the same 41  
principle among two or more candidates, as ~~he~~ the shareholder sees 42  
fit. 43

Sec. 1701.782. (A) Subject to division (B)(2) of this 44  
section, pursuant to a written declaration of conversion as 45  
provided in this section, a domestic or foreign entity that is not 46  
a domestic corporation and is not a nonprofit corporation may be 47  
converted into a domestic corporation. The conversion also must be 48  
permitted by the chapter of the Revised Code or by the laws under 49  
which the converting entity will exist. 50

(B)(1) The written declaration of conversion shall set forth 51  
all of the following: 52

(a) The name and form of entity that is being converted, the 53  
name of the entity into which the entity will be converted, and 54  
the jurisdiction of formation of the converting entity; 55

(b) The articles of the converted corporation; 56

(c) All statements and matters required to be set forth in an 57  
instrument of conversion by the laws under which the converting 58  
entity exists; 59

(d) The terms of the conversion; the mode of carrying them 60  
into effect; and the manner and basis of converting the interests 61  
or shares of the converting entity into, or substituting the 62  
interests or shares in the converting entity for, interests, 63  
evidences of indebtedness, other securities, cash, rights, or any 64  
other property or any combination of interests, evidences of 65  
indebtedness, other securities, cash, rights, or any other 66  
property of the converted corporation. 67

(2) No conversion or substitution described in this section 68  
shall be effected if there are reasonable grounds to believe that 69  
the conversion or substitution would render the converted 70  
corporation unable to pay its obligations as they become due in 71  
the usual course of its affairs. 72

(C) The written declaration of conversion may set forth any 73

of the following:	74
(1) The effective date of the conversion, which date may be on or after the date of the filing of the certificate of conversion pursuant to section 1701.811 of the Revised Code;	75 76 77
(2) A provision authorizing the converting entity to abandon the proposed conversion by action of authorized representatives of the converting entity taken prior to the filing of the certificate of conversion pursuant to section 1701.811 of the Revised Code;	78 79 80 81
(3) A statement of, or a statement of the method to be used to determine, the fair value of the assets owned by the converting entity at the time of the conversion;	82 83 84
(4) The regulations of the converted corporation;	85
(5) The identity of the directors of the converted corporation;	86 87
(6) The parties to the declaration of conversion in addition to the converting entity;	88 89
(7) The stated capital, if any, of each class of shares of the converted corporation to be outstanding at the time that the conversion becomes effective;	90 91 92
(8) Any additional provision necessary or desirable with respect to the proposed conversion or the converted entity.	93 94
(D) At any time before the filing of the certificate of conversion pursuant to section 1701.811 of the Revised Code, the conversion may be abandoned by any representatives authorized to do so by the declaration of conversion, or by the same vote as was required to adopt the declaration of conversion.	95 96 97 98 99
<b>Sec. 1701.792.</b> (A) Subject to division (B)(2) of this section, pursuant to a written declaration of conversion as provided in this section, a domestic corporation may be converted	100 101 102

into a domestic or foreign entity other than a nonprofit 103  
corporation or a domestic corporation. The conversion also must be 104  
permitted by the chapter of the Revised Code or by the laws under 105  
which the converted entity will exist. 106

(B)(1) The written declaration of conversion shall set forth 107  
all of the following: 108

(a) The name and form of entity that is being converted, the 109  
name of the entity into which the entity will be converted, the 110  
form of the converted entity, and the jurisdiction of formation of 111  
the converted entity; 112

(b) If the converted entity is a domestic entity, the 113  
complete terms of all documents required under the applicable 114  
chapter of the Revised Code to form the converted entity; 115

(c) If the converted entity is a foreign entity, all of the 116  
following: 117

(i) The complete terms of all documents required under the 118  
law of its formation to form the converted entity; 119

(ii) The consent of the converted entity to be sued and 120  
served with process in this state, and the irrevocable appointment 121  
of the secretary of state as the agent of the converted entity to 122  
accept service of process in this state to enforce against the 123  
converted entity any obligation of the converting corporation or 124  
to enforce the rights of a dissenting shareholder of the 125  
converting corporation; 126

(iii) If the converted entity desires to transact business in 127  
this state, the information required to qualify or to be licensed 128  
under the applicable chapter of the Revised Code. 129

(d) All other statements and matters required to be set forth 130  
in the declaration of conversion by the applicable chapter of the 131  
Revised Code, if the converted entity is a domestic entity, or by 132

the laws under which the converted entity will be formed, if the 133  
converted entity is a foreign entity; 134

(e) The terms of the conversion; the mode of carrying them 135  
into effect; and the manner and basis of converting the interests 136  
or shares of the converting corporation into, or substituting the 137  
interests or shares in the converting corporation for, interests, 138  
evidences of indebtedness, other securities, cash, rights, or any 139  
other property or any combination of interests, evidences of 140  
indebtedness, other securities, cash, rights, or any other 141  
property of the converted entity. 142

(2) No conversion or substitution described in this section 143  
shall be effected if there are reasonable grounds to believe that 144  
the conversion or substitution would render the converted entity 145  
unable to pay its obligations as they become due in the usual 146  
course of its affairs. 147

(C) The written declaration of conversion may set forth any 148  
of the following: 149

(1) The effective date of the conversion, which date may be 150  
on or after the date of the filing of the certificate of 151  
conversion; 152

(2) A provision authorizing, prior to the filing of the 153  
certificate of conversion pursuant to section 1701.811 of the 154  
Revised Code, the converting corporation to abandon the proposed 155  
conversion by action of the directors of the converting 156  
corporation or by the same vote as was required to adopt the 157  
declaration of conversion; 158

(3) A statement of, or a statement of the method to be used 159  
to determine, the fair value of the assets owned by the converting 160  
corporation at the time of the conversion; 161

(4) The parties to the declaration of conversion in addition 162  
to the converting entity; 163

(5) Any additional provision necessary or desirable with respect to the proposed conversion or the converted entity.

(D) The directors of the domestic converting corporation must approve the declaration of conversion to effect the conversion, and the declaration of conversion must be adopted by the shareholders of the domestic converting corporation, at a meeting held for the purpose.

(E) Notice of each meeting of shareholders of a domestic converting corporation at which a declaration of conversion is to be submitted shall be given to all shareholders of that corporation, whether or not they are entitled to vote, and shall be accompanied by a copy or a summary of the material provisions of the declaration of conversion.

(F) The vote required to adopt a declaration of conversion at a meeting of the shareholders of a domestic converting corporation is the affirmative vote of the holders of shares of that corporation entitling them to exercise at least two-thirds of the voting power of the corporation on the proposal or a different proportion as provided in the articles, but not less than a majority, or, if the conversion is to a foreign corporation, a different proportion as the articles provide for a merger or consolidation, and the affirmative vote of the holders of shares of any particular class as required by the articles of the converting corporation.

If the declaration of conversion would have an effect that, if accomplished through an amendment to the articles, would entitle the holders of shares of any particular class of a domestic converting corporation to vote as a class on the adoption of an amendment as provided in division (B) of section 1701.71 of the Revised Code, the declaration of conversion also must be adopted by the affirmative vote of the holders of at least two-thirds of the shares of such class, or a different proportion

as the articles provide, but not less than a majority. However, if 196  
the declaration of conversion would have an effect that, if 197  
accomplished through an amendment to the articles, would entitle 198  
the holders of shares of any particular class of a domestic 199  
converting corporation to vote as a class on the adoption of an 200  
amendment pursuant to division (B)(2) or (4) of section 1701.71 of 201  
the Revised Code solely because those shares are to be converted 202  
into or substituted for the same number of shares of a class of a 203  
different corporation having express terms identical in all 204  
material respects to those of the class of shares so converted or 205  
substituted, the declaration of conversion does not need to be 206  
adopted by the affirmative vote of the holders of shares of that 207  
particular class voting as a class. 208

If the declaration of conversion would authorize any 209  
particular corporate action that under any applicable provision of 210  
law or the articles could be authorized only by or pursuant to a 211  
specified vote of shareholders, the declaration of conversion also 212  
must be adopted by the same affirmative vote as required for such 213  
action. 214

(G)(1) At any time before the filing of the certificate of 215  
conversion pursuant to section 1701.811 of the Revised Code, the 216  
conversion may be abandoned by the directors of the converting 217  
corporation, if the directors are authorized to do so by the 218  
declaration of conversion, or by the same vote of the shareholders 219  
as was required to adopt the declaration of conversion. 220

(2) The declaration of conversion may contain a provision 221  
authorizing the directors of the converting corporation to amend 222  
the declaration of conversion at any time before the filing of the 223  
certificate of conversion pursuant to section 1701.811 of the 224  
Revised Code, except that, after the adoption of the declaration 225  
of conversion by the stockholders of the converting corporation, 226  
the directors may not amend the declaration of conversion to do 227



any of the following: 228

(a) Alter or change the amount or kind of interests, shares, 229  
evidences of indebtedness, other securities, cash, rights, or any 230  
other property to be received by the shareholders of the 231  
converting corporation in conversion of, or substitution for, 232  
their shares; 233

(b) Alter or change any term of the organizational documents 234  
of the converted entity except for alterations or changes that are 235  
adopted with the vote or action of the persons, the vote or action 236  
of which would be required for the alteration or change after the 237  
conversion; 238

(c) Alter or change any other terms and conditions of the 239  
declaration of conversion if any of the alterations or changes, 240  
alone or in the aggregate, materially and adversely would affect 241  
the holders of any class or series of shares of the converting 242  
corporation. 243

**Sec. 1705.21.** (A) ~~If~~ Except as otherwise provided in the 244  
operating agreement or articles of organization, if a member who 245  
is an individual dies or is adjudged an incompetent, ~~his~~ the 246  
member's executor, administrator, guardian, or other legal 247  
representative may exercise all of ~~his~~ the member's rights as a 248  
member for the purpose of settling ~~his~~ the member's estate or 249  
administering ~~his~~ the member's property, including any authority 250  
that ~~he~~ the member had to give an assignee the right to become a 251  
member. 252

(B) If a member is a corporation, trust, general or limited 253  
partnership, or other entity and is dissolved or terminated, the 254  
powers of the member may be exercised by its legal representative 255  
or successor. 256

**Sec. 1775.14.** (A) Subject to section 5815.35 of the Revised 257

Code and except as provided in division (B) of this section, all 258  
partners are liable as follows: 259

(1) Jointly and severally for everything chargeable to the 260  
partnership under sections 1775.12 and 1775.13 of the Revised 261  
Code. This joint and several liability is not subject to section 262  
2307.22 or 2315.36 of the Revised Code with respect to a tort 263  
claim that otherwise is subject to either of those sections. 264

(2) Jointly for all other debts and obligations of the 265  
partnership, but any partner may enter into a separate obligation 266  
to perform a partnership contract. 267

(B) Subject to divisions (C)(1) and (2) of this section ~~or as~~ 268  
~~otherwise provided in a written agreement between the partners of~~ 269  
~~a, an obligation incurred while the partnership is a registered~~ 270  
~~limited liability partnership, a whether arising in contract,~~ 271  
~~tort, or otherwise, is solely the obligation of the partnership. A~~ 272  
~~partner in a registered limited liability partnership, solely by~~ 273  
~~reason of being a partner; acting or failing to act as a partner;~~ 274  
~~or participating as an employee, consultant, contractor, or~~ 275  
~~otherwise in the conduct of the business or activities of the~~ 276  
~~registered limited liability partnership while the partnership is~~ 277  
~~a registered limited liability partnership, is not personally~~ 278  
liable, directly or indirectly, by way of indemnification, 279  
contribution, assessment, or otherwise, for debts, obligations, or 280  
other liabilities of any kind of, or chargeable to, the 281  
partnership or another partner or partners arising from negligence 282  
or from wrongful acts, errors, omissions, or misconduct, whether 283  
or not intentional or characterized as tort, contract, or 284  
otherwise, committed or occurring while the partnership is a 285  
registered limited liability partnership or committed or occurring 286  
in the course of the partnership business by another partner or an 287  
employee, agent, or representative of the partnership such an 288  
obligation solely by reason of being or acting as a partner. This 289

division applies notwithstanding anything inconsistent in the 290  
partnership agreement that existed immediately before the filing 291  
of a registration application to become a domestic limited 292  
liability partnership under division (A) of section 1775.61 of the 293  
Revised Code. 294

(C)(1) Division (B) of this section does not affect the 295  
liability of a partner in a registered limited liability 296  
partnership for that partner's own negligence, wrongful acts, 297  
errors, omissions, or misconduct, including that partner's own 298  
negligence, wrongful acts, errors, omissions, or misconduct in 299  
directly supervising any other partner or any employee, agent, or 300  
representative of the partnership. 301

(2) Division (B) of this section shall not affect the 302  
liability of a partner for liabilities imposed by Chapters 5735., 303  
5739., 5743., and 5747. and section 3734.908 of the Revised Code. 304

(D) A partner in a registered limited liability partnership 305  
is not a proper party to an action or proceeding by or against a 306  
registered limited liability partnership with respect to any debt, 307  
obligation, or other liability of any kind described in division 308  
(B) of this section, unless the partner is liable under divisions 309  
(C)(1) and (2) of this section. 310

(E) A registered limited liability partnership is liable out 311  
of partnership assets for partnership debts, obligations, and 312  
liabilities. 313

(F)(1) The personal liability of a partner solely by reason 314  
of being such a partner, or acting or omitting to act in such 315  
capacity, of a registered limited liability partnership organized 316  
and registered under the laws of this state shall be determined 317  
only under the laws of this state. 318

(2) The only actions required of a registered limited 319  
liability partnership or of individual partners in such a 320

partnership in order to avail themselves of the limited liability 321  
provisions of this section are those required by this chapter. 322

**Section 2.** That existing sections 1701.55, 1701.782, 323  
1701.792, 1705.21, and 1775.14 of the Revised Code are hereby 324  
repealed. 325

**Section 3.** Any meeting conducted or vote held by a nonprofit 326  
corporation on or after August 19, 2005, pursuant to section 327  
1702.01, 1702.08, 1702.11, 1702.17, 1702.19, 1702.20, 1702.22, 328  
1702.27, 1702.38, 1702.39, 1702.42, or 1702.58 of the Revised 329  
Code, as amended by H.B. 42 of the 126th General Assembly, is 330  
valid if the meeting or vote would have been valid under those 331  
sections as amended by Am. Sub. H.B. 699 of the 126th General 332  
Assembly if those sections as amended by Am. Sub. H.B. 699 of the 333  
126th General Assembly had been in effect at the time of the 334  
meeting or vote. 335

**Section 4.** Sections 1701.55, 1701.782, and 1701.792 of the 336  
Revised Code take effect January 1, 2008. 337

**Section 5.** Section 1775.14 of the Revised Code is presented 338  
in this act as a composite of the section as amended by both Am. 339  
Sub. H.B. 301 and Sub. H.B. 416 of the 126th General Assembly. The 340  
General Assembly, applying the principle stated in division (B) of 341  
section 1.52 of the Revised Code that amendments are to be 342  
harmonized if reasonably capable of simultaneous operation, finds 343  
that the composite is the resulting version of the section in 344  
effect prior to the effective date of the section as presented in 345  
this act. 346