Fiscal Note & Local Impact Statement

127 th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL:	**Sub. H.B. 374**	DATE:	**June 10, 2008**
STATUS:	**As Enacted – Effective September 30, 2008**	SPONSOR:	**Rep. Coley**
LOCAL IMPACT STATEMENT REQUIRED:	**No — No local cost**		
CONTENTS:	**To make changes to Ohio corporation law**		

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Cumulative voting

The bill makes two primary changes to Ohio corporation law, neither of which appear to have a direct fiscal effect on state or local governments. First, the bill allows original articles of incorporation to contain a provision that eliminates shareholders' cumulative voting rights for the election of corporate directors. Cumulative voting is the right of a shareholder to increase his or her voting power in the election of directors by multiplying the number of seats that are open by the number of shares he or she owns. The result is the total number of the shareholder's votes, which can be allocated to a few candidates rather than among all candidates for open seats.

Asset transfers

The second major change in the bill deals with the disposition of corporate assets. Current law requires shareholder approval for certain transfers of assets. The bill clarifies that transfers to a wholly owned subsidiary do not require shareholder approval, and that the assets of wholly owned subsidiaries are assets of the parent company for the purposes of this statute.

LSC fiscal staff: Terry Steele, Budget Analyst

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