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:	**March 7, 2008**
STATUS:	**As Reported by House Civil and Commercial Law**	SPONSOR:	**Rep. Coley**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **To make changes to cumulative voting and the disposition of assets procedures for corporations**

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 Chapter 1701. of the Revised Code, neither of which appear to have a fiscal effect on state or local governments. First, the bill makes changes to cumulative voting procedures. It eliminates the current 90-day waiting requirement prior to opting out of cumulative voting. 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. This product is the total number of the shareholder's votes, which he or she can then allocate to a few candidates rather than distributing them among all candidates for open seats.

Asset transfers

The second 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 does not require shareholder approval, and that the assets of wholly owned subsidiaries are assets of the parent company for the purposes of this statute.

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