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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

S.B. 276
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 276's Bill Analysis](#)

Version: As Reported by House Civil Justice

Primary Sponsors: Sens. Roegner and Manning

Local Impact Statement Procedure Required: No

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Highlights

- The proposed Ohio Revised Limited Liability Company Act is not likely to significantly affect the number of business filings submitted to the Secretary of State and thus will have little impact on filing fees deposited into the Business Services Fund (Fund 5990) under the Secretary of State's budget.
- Defining "attorney unclaimed funds" and allowing those funds to be used by the nonprofit Ohio Access to Justice Foundation does not affect the amount of reported funds under the state's Unclaimed Funds Program. If any attorney unclaimed funds are eventually claimed, the Foundation must repay the amount claimed, along with interest, to the Unclaimed Funds Trust Fund.

Detailed Analysis

Ohio Revised Limited Liability Company Act

The bill appears to have no direct fiscal impact on the state and political subdivisions, including the Secretary of State, the agency responsible for business filings under the proposed Ohio Revised Limited Liability Company Act (ORLLCA). Overall, the revisions under the proposed ORLLCA would not substantially alter the number of business filings submitted by limited liability corporations (LLCs) under current law. Any such filing fee revenue is deposited into the Business Services Operating Fund (Fund 5990). As of June 1, there were 935,496 active LLCs registered in Ohio according to Secretary of State records. In calendar year 2019, approximately 87,500 new LLCs registered in Ohio in total. The filing fee for articles of incorporation for LLCs is \$99.

The changes under the proposed ORLLCA touch on three general areas: (1) the authority of members, managers, and operating agreements, (2) penalties for failure to maintain a

statutory agent, and (3) establishment of asset series. Please see the LSC bill analysis for a detailed discussion of all of these changes.

Attorney unclaimed funds

The bill defines “attorney unclaimed funds” as (1) funds held in interest on lawyer trust accounts for purposes of depositing client funds that are nominal amounts or for a short period of time, (2) funds held in an interest on trust accounts for nondirected escrow accounts, and (3) residual settlement funds whether for named or unnamed plaintiffs, received by the Department of Commerce’s Division of Unclaimed Funds, and held, paid out, or allocated by the Division pursuant to the terms and conditions of the court order authorizing the settlement fund. The bill requires 100% of attorney unclaimed funds to be submitted by holders to the Department. Subsequently, it permits the Ohio Access to Justice Foundation to hold these funds and use them to provide financial assistance to legal aid societies, to enhance or improve access to justice, or to operate the foundation. The Ohio Access to Justice Foundation is a charitable, tax-exempt foundation established by the State Public Defender.

These provisions do not appear to have a fiscal effect on the state since, under current law, these funds are already subjected to the Unclaimed Funds Law and being collected by the Department. The bill also provides that interest should accrue in the same manner as other unclaimed funds under current law. Additionally, it requires that if a claim is made by the owner of an attorney unclaimed fund held by the Ohio Access to Justice Foundation, the Foundation must reimburse the Unclaimed Funds Trust Fund the amount claimed, with interest. It is unclear how much attorney unclaimed funds are currently being held by the Department since there is no specific code for these type of funds. However, according to the Department and based on research from the Ohio Access to Justice Foundation, Oregon, which began directing attorney unclaimed funds to support legal aid and access to justice in 2010, receives \$100,000 annually in attorney unclaimed funds.