

HB 3110 -1, -2, -3 STAFF MEASURE SUMMARY

House Committee On Rules

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Meeting Dates: 3/11, 4/6, 4/13

WHAT THE MEASURE DOES:

Requires board of directors of publicly traded corporations with principal executive offices located in Oregon, regardless of where the corporation is formed, organized, or incorporated, to have specified numbers of female directors and directors who are a member of an underrepresented community. Establishes violation and sets civil penalties of at least \$100,000 for the publicly traded corporation failing to file required information with the Secretary of State or not having the required directors on the board during eight or more months of the preceding calendar year. Requires annual reporting by Secretary of State to list the number of publicly traded corporations that have required members; complied with the requirements during the preceding calendar year; moved principal executive offices into this state from outside this state or from this state to another jurisdiction; and were subject to the requirements but are no longer publicly traded corporations. Sets operative dates for board member requirements. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Oregon corporate boards of director composition and numbers
- Structural barriers to board diversity
- Timing of replacements and violation triggers
- Learning from results in other states

EFFECT OF AMENDMENT:

-1 Changes definition of female. Adds lesbian, gay, bisexual, transgender, or another minority gender identity or sexual orientation to definition for members of an underrepresented community. Reduces civil penalties to start at \$10,000.

-2 Changes operative dates for board member requirements to January 1, 2023 and January 1, 2024.

-3 Replaces the measure. Requires board of directors of publicly traded corporations located within this state, regardless of where the corporation is formed, organized, or incorporated, to have at least one female director and one director who is a member of an underrepresented community. Establishes violation and sets civil penalties of at least \$10,000 for the publicly traded corporation failing to file required information with the Secretary of State (SOS) or not having the required directors on the board during eight or more months of the preceding calendar year. Requires board of directors of a publicly traded corporation to report annually by December 31, beginning in 2023, to SOS on progress in meeting goals. Requires SOS to publish by July 1 of each year the number of publicly traded corporations that have required members and have complied with the requirements during the preceding calendar year. Makes board member requirements operative on January 1, 2024. Takes effect 91st day following adjournment sine die.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: No revenue impact

BACKGROUND:

California became the first state to legally compel public companies to add women directors in 2018. By December 31, 2021, boards with six or more directors must have at least three female directors, boards of five must have at least two, and boards with four or fewer members must have one. An October 2020 progress report

This summary has not been adopted or officially endorsed by action of the committee.

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on California's law published by the California Partners Project concluded that before the bill was enacted, 29 percent of public companies (183 companies) headquartered in California had no female board members and that by 2020 the number was only 2.3 percent (15 companies).

House Bill 3110 requires board of directors of publicly traded corporations to have a specified numbers of female directors and directors who are a member of an underrepresented community, establishes violations of this requirement, sets civil penalties, and requires annual reporting by the Secretary of State on related factors and compliance.