

HB 3110 A STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

Action Date: 05/25/21

Action: Without recommendation as to passage and request referral to Rules.

Vote: 4-1-0-0

Yeas: 4 - Hansell, Jama, Lieber, Riley

Nays: 1 - Kennemer

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 5/6, 5/25

WHAT THE MEASURE DOES:

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 on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Persistent lack of representation by women on corporate boards
- Efforts in other states to increase representation
- Relative merits of mandatory civil penalties
- Current representation on boards impacted by the measure

EFFECT OF AMENDMENT:

No amendment.

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 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 A requires the board of directors of publicly traded corporations located in Oregon to have at least one female director and one director who is a member of an underrepresented community by January 1, 2024. The measure also establishes violations, sets civil penalties, and requires annual reporting by the boards and Secretary of State on compliance.