

A-Engrossed
House Bill 3110

Ordered by the House April 23
Including House Amendments dated April 23

Sponsored by Representative POWER, Senator PATTERSON, Representatives BYNUM, WILLIAMS; Representatives ALONSO LEON, DEXTER, MARSH, MEEK, NERON, NOSSE, Senator FREDERICK

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Requires board of directors of publicly traded corporation to have specified proportion of female directors and directors who are members of underrepresented communities. Punishes violation of requirement with civil penalty of at least [*\$100,000*] **\$10,000**.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to membership on the boards of directors of publicly traded corporations; creating new
3 provisions; amending ORS 60.304; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 60.304 is amended to read:

6 60.304. (1) The articles of incorporation or bylaws may prescribe qualifications for directors. A
7 director need not be a resident of this state or a shareholder of the corporation unless required by
8 the articles of incorporation or bylaws.

9 (2)(a) **As used in this subsection:**

10 (A) **"Female" means an individual who self-identifies as a woman, regardless of the sex**
11 **assigned to the individual at birth.**

12 (B) **"Publicly traded corporation" means a corporation:**

13 (i) **The principal executive offices of which, according to the corporation's filings with the**
14 **federal Securities and Exchange Commission, are located within this state, without regard**
15 **to the jurisdiction under which the corporation is formed, organized or incorporated; and**

16 (ii) **The shares of which are registered on a national securities exchange.**

17 (C) **"Underrepresented community" means a group composed primarily of:**

18 (i) **Individuals who identify as having a low income or very low income background, as**
19 **those terms are defined in ORS 458.610; or**

20 (ii) **Individuals who identify as:**

21 (I) **Black or African American;**

22 (II) **Hispanic or Latino;**

23 (III) **Asian or Asian American;**

24 (IV) **Native Hawaiian or Pacific Islander;**

25 (V) **American Indian or Alaska Native, having origins in one of the original peoples of**
26 **North America;**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (VI) Arabic or North African;

2 (VII) Middle Eastern;

3 (VIII) Having a mixed racial or ethnic heritage; or

4 (IX) Lesbian, gay, bisexual, transgender or another minority gender identity or sexual
5 orientation.

6 (b) A publicly traded corporation shall have a minimum of one female director and one
7 director who is a member of an underrepresented community on the corporation's board of
8 directors. A corporation may increase the number of directors on the board of directors to
9 comply with this paragraph.

10 (c) A publicly traded corporation violates this subsection if the publicly traded corpo-
11 ration:

12 (A) Fails to file information the Secretary of State requires for the purposes of publishing
13 the report described in paragraph (f) of this subsection; or

14 (B) Does not have on the publicly traded corporation's board of directors during eight
15 or more months of the preceding calendar year the number of female directors or directors
16 who are members of an underrepresented community required under paragraph (b) of this
17 subsection. Each instance in which a female or member of an underrepresented community
18 does not hold a position on a publicly traded corporation's board of directors that a female
19 or member of an underrepresented community must hold to comply with this subparagraph
20 is a violation.

21 (d) The Secretary of State, in accordance with ORS 183.745, shall impose the following
22 civil penalties for violating this subsection:

23 (A) For a violation of paragraph (c)(A) of this subsection, \$10,000.

24 (B) For a first violation of paragraph (c)(B) of this subsection, \$10,000.

25 (C) For a second or subsequent violation of paragraph (c)(B) of this subsection, \$20,000.

26 (e) The Secretary of State shall deposit the proceeds of a fine under this subsection into
27 the Operating Account established under ORS 56.041.

28 (f) Not later than July 1 of each year, the Secretary of State shall publish on the Secre-
29 tary of State's website a report that lists the number of publicly traded corporations that:

30 (A) Have at least two directors who identify as female or identify as members of under-
31 represented communities; and

32 (B) Complied with the requirements of this subsection during the preceding calendar
33 year.

34 (g) The Secretary of State shall adopt rules to implement the provisions of this sub-
35 section.

36 **SECTION 2.** The board of directors of a publicly traded corporation, as defined in ORS
37 60.304 (2), shall report to the Secretary of State not later than December 31 of each year
38 beginning in 2023 concerning the publicly traded corporation's progress toward meeting the
39 goals specified in ORS 60.304 (2). The Secretary of State by rule may specify the form and
40 contents of the report the board of directors must submit under this section and may specify
41 the amount of a civil penalty to which the publicly traded corporation may be liable for fail-
42 ing to submit the report. The Secretary of State shall impose a civil penalty under this sec-
43 tion in accordance with ORS 183.745.

44 **SECTION 3.** The amendments to ORS 60.304 by section 1 of this 2021 Act become opera-
45 tive on January 1, 2024.

1 **SECTION 4. This 2021 Act takes effect on the 91st day after the date on which the 2021**
2 **regular session of the Eighty-first Legislative Assembly adjourns sine die.**
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