A-Bill for an Act

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.
Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

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

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

SECTION 1. ORS 60.304 is amended to read:

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

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

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

(B) “Publicly traded corporation” means a corporation:

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

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

(C) “Underrepresented community” means a group composed primarily of:

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

(ii) Individuals who identify as:

(I) Black or African American;

(II) Hispanic or Latino;

(III) Asian or Asian American;

(IV) Native Hawaiian or Pacific Islander;

(V) American Indian or Alaska Native, having origins in one of the original peoples of 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.

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(VI) Arabic or North African;
(VII) Middle Eastern;
(VIII) Having a mixed racial or ethnic heritage; or
(IX) Lesbian, gay, bisexual, transgender or another minority gender identity or sexual orientation.

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

(c) A publicly traded corporation violates this subsection if the publicly traded corporation:

(A) Fails to file information the Secretary of State requires for the purposes of publishing the report described in paragraph (f) of this subsection; or
(B) Does not have on the publicly traded corporation's board of directors during eight or more months of the preceding calendar year the number of female directors or directors who are members of an underrepresented community required under paragraph (b) of this subsection. Each instance in which a female or member of an underrepresented community does not hold a position on a publicly traded corporation's board of directors that a female or member of an underrepresented community must hold to comply with this subparagraph is a violation.

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

(A) For a violation of paragraph (c)(A) of this subsection, $10,000.
(B) For a first violation of paragraph (c)(B) of this subsection, $10,000.
(C) For a second or subsequent violation of paragraph (c)(B) of this subsection, $20,000.
(e) The Secretary of State shall deposit the proceeds of a fine under this subsection into the Operating Account established under ORS 56.041.

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

(A) Have at least two directors who identify as female or identify as members of underrepresented communities; and
(B) Complied with the requirements of this subsection during the preceding calendar year.

(g) The Secretary of State shall adopt rules to implement the provisions of this subsection.

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

SECTION 3. The amendments to ORS 60.304 by section 1 of this 2021 Act become operative on January 1, 2024.
SECTION 4. This 2021 Act takes effect on the 91st day after the date on which the 2021 regular session of the Eighty-first Legislative Assembly adjourns sine die.