An act to amend Section 301.3 of the Corporations Code, relating to corporations.

LEGISLATIVE COUNSEL’S DIGEST

SB 1142, as introduced, Jackson. Corporations: board of directors.
Existing law, no later than the close of the 2021 calendar year, requires a domestic general corporation or foreign corporation whose principal executive office is located in California that is a publicly held corporation, defined as a corporation with outstanding shares listed on a major United States stock exchange, to have a minimum of one female director or more depending on the number of directors that the corporation has. Existing law requires, on or before specified dates, the Secretary of State to publish various reports on its internet website documenting, among other things, the number of corporations in compliance with these provisions. Existing law authorizes the Secretary of State to impose fines for violations of these provisions, as specified, and requires the moneys from these fines to be available, upon appropriation, to offset the cost of administering these requirements.

This bill, no later than the close of the 2021 calendar year, would require a domestic or foreign publicly held corporation whose principal executive office is located in California to have a minimum of one female director or more depending on the number of sitting directors the corporation has. The bill would make other revisions with respect to the information required on the annual reports published by the Secretary of State.

The people of the State of California do enact as follows:

SECTION 1. Section 301.3 of the Corporations Code is amended to read:
301.3. (a) No later than the close of the 2019 calendar year, a publicly held domestic or foreign publicly held corporation whose principal executive offices, according to the corporation’s SEC 10-K form, are located in California shall have a minimum of one female director on its board. A corporation may increase the number of directors on its board to comply with this section.
(b) No later than the close of the 2021 calendar year, a publicly held domestic or foreign publicly held corporation whose principal executive offices, according to the corporation’s SEC 10-K form, are located in California shall comply with the following:
(1) If its number of sitting directors is six or more, the corporation shall have a minimum of three female directors.
(2) If its number of sitting directors is five, the corporation shall have a minimum of two female directors.
(3) If its number of sitting directors is four or fewer, the corporation shall have a minimum of one female director.
(c) No later than July 1, 2019, the Secretary of State shall publish a report on its Internet Web site documenting the number of domestic and foreign corporations whose principal executive offices, according to the corporation’s SEC 10-K form, are located in California and who have at least one female director.
(d) No later than March 1, 2020, and annually thereafter, the Secretary of State shall publish a report on its Internet Web site regarding, at a minimum, all of the following:
(1) The number of publicly held corporations subject to this section that were in compliance with the requirements of this section during at least one point during the preceding calendar year.
(2) The number of publicly held corporations subject to this section listed on the preceding public report that moved their United States headquarters principal executive offices to California from another state or out of California into another state during the preceding calendar year.
(3) The number of publicly held corporations listed on the preceding public report that were subject to this section during the preceding year, but are no longer publicly traded.
(e) (1) The Secretary of State may adopt regulations to implement this section. The Secretary of State may impose fines for violations of this section as follows:
   (A) For failure to timely file board member information with the Secretary of State pursuant to a regulation adopted pursuant to this paragraph, the amount of one hundred thousand dollars ($100,000).
   (B) For a first violation, the amount of one hundred thousand dollars ($100,000).
   (C) For a second or subsequent violation, the amount of three hundred thousand dollars ($300,000).

(2) For the purposes of this subdivision, each director seat required by this section to be held by a female, which is not held by a female during at least a portion of a calendar year, shall count as a violation.

(3) For purposes of this subdivision, a female director having held a seat for at least a portion of the year shall not be a violation.

(4) Fines collected pursuant to this section shall be available, upon appropriation by the Legislature, for use by the Secretary of State to offset the cost of administering this section.

(f) For purposes of this section, the following definitions apply:
   (1) “Female” means an individual who self-identifies her gender as a woman, without regard to the individual’s designated sex at birth.
   (2) “Publicly held corporation” means a corporation with outstanding shares listed on a major United States stock exchange.