
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2019 - 2020 Regular Session

AB 979 (Holden) - Corporations: boards of directors: underrepresented communities

Version: July 28, 2020

Urgency: No

Hearing Date: August 17, 2020

Policy Vote: B. & F.I. 6 - 0

Mandate: No

Consultant: Janelle Miyashiro

Bill Summary: AB 979 requires a publicly held domestic or foreign corporation whose principal executive office is located in California to have a minimum number of members from an underrepresented community on its board, as specified.

Fiscal Impact: Unknown, potentially significant General Fund costs to the Secretary of State (SOS) to collect the required data, produce the annual report, investigate claims, and enforce violations of the bill's provisions.

Background: SB 826 (Jackson, Chapter 954, Statutes of 2018) required domestic and foreign publicly traded corporations with their principal executive offices in California to have minimum numbers of women on their boards. This bill is modeled after the provisions of SB 826.

Proposed Law: This bill:

- Requires, no later than the close of the 2021 calendar year, a publicly held domestic or foreign corporation whose principal executive offices are located in California, as specified, have a minimum of one director from an underrepresented community on its board and authorizes the corporation to increase the number of directors on its board to comply with this requirement.
- Requires, no later than the close of the 2022 calendar year, a corporation to include members of underrepresented communities on its board according to the following ratios:
 - Minimum of three directors if the total number of directors is nine or more.
 - Minimum of two directors if the total number of directors is between four and nine.
 - Minimum of one director if the total number of directors is four or fewer.
- Requires the SOS to include, in its report on women on corporate boards, the number of corporations who have at least one director from an underrepresented community by July 1, 2021.
- Requires the SOS, by March 1, 2022 and annually thereafter, to additionally include in its report:

- The number of corporations compliant with the proscribed board membership requirements;
 - The number of public health corporations that moved their United States headquarters in to or out of California from another state; and
 - The number of publicly held corporations that were subject to these requirements during the preceding year but are no longer publicly traded.
- Authorizes the SOS to adopt regulations and impose fines for violations, as specified.
 - Defines “director from an underrepresented community” as an individual who self-identifies as Black, African America, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian, or Alaska Native.
 - States findings and declarations.

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