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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
House Committee on Labor & Public Employment  
Tuesday, February 4, 2020  
9:30 a.m.  
State Capitol, Conference Room 309**

**On the following measure:  
H.B. 2720, RELATING TO GENDER EQUITY**

Chair Johanson and Members of the Committee:

My name is Ty Nohara, and I am the Commissioner of Securities and head of the Department of Commerce and Consumer Affairs' (Department) Business Registration Division (BREG). The Department appreciates this measure but respectfully opposes H.B. 2720 on the basis that it requires BREG to carry out duties that are beyond its statutory function as a ministerial agency.

The purpose of this bill is to require publicly held domestic and foreign corporations to include a certain number of women among the directors of their corporate boards.

BREG's primary function is the registration, processing, and maintenance of the State's business registry. H.B. 2720 will require BREG to review, determine, and verify information in direct contradiction to the business registry's statutory mandate to be

ministerial.<sup>1</sup> Specifically, the Hawaii Business Corporation Act, HRS chapter 414, sets forth the filing requirements for domestic and foreign corporations. HRS section 414-16(d) explicitly states that the department director's duty to file documents is ministerial.

This bill requires BREG to publish, on or before specified dates, various reports on its website documenting, among other things, the number of corporations in compliance with the bill's provisions. Currently, there are nearly 48,000 active domestic and foreign corporations in the State's business registry. BREG neither has access to, nor maintains, any records that identify the corporation as a public corporation or the gender of the directors of the corporations. Therefore, BREG is unable to determine the information necessary to prepare the reports this bill requires.

This bill also authorizes BREG to impose significant monetary fines on publicly held corporations who do not comply with the provisions of the bill. However, BREG's ministerial authority does not extend to the division taking enforcement action against a corporation's failure to comply with H.B. 2720. Indeed, BREG may only perform the ministerial act of dissolving a corporation for its failure to file annual reports for a period of two years.

For the foregoing reasons, the Department respectfully disagrees with the manner in which this bill seeks to accomplish its purpose. Thank you for the opportunity to testify on this measure. I would be happy to answer any questions the Committee may have.

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<sup>1</sup> See Hawaii Revised Statutes (HRS) §§414-16(d), 414D-8(d), 425-1.6(d), and 428-206(h).

**HB-2720**

Submitted on: 2/1/2020 2:10:18 PM

Testimony for LAB on 2/4/2020 9:30:00 AM

| Submitted By      | Organization  | Testifier Position | Present at Hearing |
|-------------------|---|--------------------|--------------------|
| Caroline Kunitake | American Association of University Women (AAUW) of Hawaii | Support            | No                 |

Comments:

Dear Chair Aaron Ling Johanson and Members of the Committee on Labor and Employment,

The American Association of University Women (AAUW) Hawaii Members support HB 2720.

AAUW is the nation's leading voice promoting equity and education for girls and women. Since our founding in 1881, AAUW members have examined and taken positions on the fundamental issues of the day - education, social, economic and political.

Women are less likely than men to be in leadership positions. In universities, businesses, courts, unions, and religious institutions, male leaders outnumber female leaders by wide margins. According to the Rutgers Center for American Women and Politics, Eagleton Institute of Politics at Rutgers University, approximately 63% of executives are White men, 24% are White women, 2% are Black women, 1% are Hispanic women, 1% are Asian women, and <1% are women of other racial and ethnic groups.

Why is there a gender leadership gap? Blatant sex discrimination is still a problem, as data from the U.S. Equal Employment Opportunity Commission shows. Unconscious or implicit bias can cloud judgement in ways people are not fully aware of. Less obvious reasons for the lack of gender parity include hostile work environments, negative stereotypes about women in leadership, and bias against women keep women out of top leadership spots. The AAUW report, *Barriers and Bias: The Status of Women in Leadership*, examines the causes of women's underrepresentation in leadership roles in business, politics, and education and suggest what we can do to change the status quo (<https://www.aauw.org/research/barriers-and-bias/>).

We need more women leaders to be part of the board of directors for publicly held domestic and foreign corporations to achieve gender parity. Publically held domestic and foreign corporations fail to recognize the purchasing/consumer power of women on a global level. These corporations need to achieve gender parity within their board of directors in order to better understand the needs and wants of women consumers. This

change in the gender diversity of leadership will draw on the the creative talents of women to maximize markets, customer satisfaction, profits and employee satisfaction.

Gender parity in leadership will positively change the negative stereotypical ideas about gender roles. Just as the status quo is holding women back from leadership roles, it is holding men back from embracing caretaking and support roles. Working families, whether they rely on women as the sole breadwinner or have a two-earner income, will benefit from women leaders who will foster flexibility and fair expectations for working men and women, promote more women into top leadership positions and enforce fair corporate policies to improve gender diversity in management/executive leadership.

Mahalo,

Caroline Kunitake

AAUW Honolulu Branch Board Member and AAUW State Public Policy Committee Member

Statement Before The  
**HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT**

Tuesday, February 4, 2020  
9:30 AM  
State Capitol, Conference Room 309

in consideration of  
**HB 2720**  
**RELATING TO GENDER EQUALITY.**

Chair JOHANSON, Vice Chair ELI, and Members of the House Labor & Public Employment Committee

Common Cause Hawaii provides comments in support of HB 2720, which would require publicly held domestic and foreign corporations to include certain numbers of females among their boards of directors and authorize administrative fines for noncompliance.

Common Cause Hawaii is a nonprofit, nonpartisan, grassroots organization dedicated to reforming government and strengthening democracy - one that works for everyone and not just the special interests.

Common Cause Hawaii understands that gender equality is a crucial feature of successful democratic societies and effective democratic governments. Public institutions have to provide services that advance the human rights of women and men equally and take into account their specific experiences and needs. The same should be true for private industries so that everyone may be uplifted.

Thank you for the opportunity to comment in support of HB 2720. If you have further questions of me, please contact me at [sma@commoncause.org](mailto:sma@commoncause.org).

Very respectfully yours,

Sandy Ma  
Executive Director, Common Cause Hawaii

**HB-2720**

Submitted on: 2/2/2020 11:36:45 PM

Testimony for LAB on 2/4/2020 9:30:00 AM

| <b>Submitted By</b>         | <b>Organization</b>         | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|-----------------------------|-----------------------------|---------------------------|---------------------------|
| Midwives Alliance of Hawaii | Midwives Alliance of Hawaii | Support                   | No                        |

Comments:

**HB-2720**

Submitted on: 2/1/2020 5:02:33 AM

Testimony for LAB on 2/4/2020 9:30:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Younghi Overly      | Individual          | Support                   | Yes                       |

Comments:

**HB-2720**

Submitted on: 2/2/2020 9:32:38 PM

Testimony for LAB on 2/4/2020 9:30:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| lynne matusow       | Individual          | Support                   | No                        |

Comments:

This is long overdue. It is time we had to stop shaming corporations into putting women on their boards. I have done that at three Hawaii companies. The excuse that there are no qualifying women is shibai. It is law in California and in parts of Europe, especially France. Please vote yes.



**HB-2720**

Submitted on: 2/2/2020 11:39:15 PM

Testimony for LAB on 2/4/2020 9:30:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Lea Minton          | Individual          | Support                   | No                        |

Comments:

**HB-2720**

Submitted on: 2/3/2020 3:34:28 AM

Testimony for LAB on 2/4/2020 9:30:00 AM

| <b>Submitted By</b>         | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|-----------------------------|---------------------|---------------------------|---------------------------|
| Jennifer Azuma<br>Chrupalyk | Individual          | Support                   | No                        |

Comments:

**HB-2720**

Submitted on: 2/3/2020 5:18:29 AM

Testimony for LAB on 2/4/2020 9:30:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Barbara Best        | Individual          | Support                   | No                        |

Comments:

The Following  
Testimony is  
Marked Late

**HB-2720**

Submitted on: 2/3/2020 2:51:29 PM

Testimony for LAB on 2/4/2020 9:30:00 AM

**LATE**

| <b>Submitted By</b> | <b>Organization</b>  | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|----------------------|---------------------------|---------------------------|
| Patricia Bilyk      | Breastfeeding Hawaii | Support                   | Yes                       |

Comments:

**LATE**

**HB-2720**

Submitted on: 2/3/2020 5:22:49 PM

Testimony for LAB on 2/4/2020 9:30:00 AM

| <b>Submitted By</b> | <b>Organization</b>                           | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---|---------------------------|---------------------------|
| Laurie Field        | Planned Parenthood Votes Northwest and Hawaii | Support                   | No                        |

Comments: