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**Testimony of the Department of Commerce and Consumer Affairs  
Before the  
Senate Committee on Commerce, Consumer Protection, and Health  
9:30 a.m.  
State Capitol, Conference Room 229**

**On the following measure:  
S.B. 2636, RELATING TO GENDER EQUITY**

Chair Baker 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 S.B. 2636 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. S.B. 2636 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

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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).

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 S.B. 2636. 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.

**SB-2636**

Submitted on: 1/27/2020 5:31:54 PM

Testimony for CPH on 1/29/2020 9:30:00 AM

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

Comments:

**SB-2636**

Submitted on: 1/27/2020 11:18:27 AM

Testimony for CPH on 1/29/2020 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Younghi Overly	Testifying for aauw of hawaii	Support	No

Comments:

**SB-2636**

Submitted on: 1/26/2020 7:25:49 PM

Testimony for CPH on 1/29/2020 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Patricia Bilyk	Testifying for Breastfeeding Hawaii	Support	No

Comments:

**SB-2636**

Submitted on: 1/26/2020 12:49:13 PM

Testimony for CPH on 1/29/2020 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Caroline Kunitake	Individual	Support	No

Comments:

Aloha,

I am writing in support of SB2636 to require domestic and foreign corporations to include more females among their board of directors. I believe that gender parity at the board level will promote greater equity for the female workers. A minimum of 50% of the board of directors must identify their gender as female. Today so many more women are in the work force than before. Therefore it is important to have women engaged in board level decisions. Gender diversity within a board of directors is a strenght and asset, not a weakness and liability. Please support this bill.

Mahalo,

Caroline Kunitake

**SB-2636**

Submitted on: 1/26/2020 2:23:24 PM

Testimony for CPH on 1/29/2020 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Gerard Silva	Individual	Oppose	No

Comments:

The State has NO say in Private Companys Hireing Practices.

Nor should they be involed in this At all.

This is Racial Discrimanation Period. Of the Hightest Form!!

The State should be Sued for any Involment in this type of Discrimanation!!!

**SB-2636**

Submitted on: 1/26/2020 5:19:09 PM

Testimony for CPH on 1/29/2020 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Joy Marshall	Individual	Support	No

Comments:



**SB-2636**

Submitted on: 1/27/2020 5:26:00 PM

Testimony for CPH on 1/29/2020 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Marci Lopes	Individual	Support	No

Comments: