

STAND. COM. REP. NO.

2558

Honolulu, Hawaii

FEB 12 2020

RE: S.B. No. 2636  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,  
to which was referred S.B. No. 2636 entitled:

"A BILL FOR AN ACT RELATING TO GENDER EQUITY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require publicly held domestic and foreign corporations to include certain numbers of females among their boards of directors; and
- (2) Authorize administrative fines for noncompliance.

Your Committee received testimony in support of this measure from Planned Parenthood Votes Northwest and Hawaii, American Association of University Women of Hawaii, Breastfeeding Hawaii, and three individuals.

Your Committee received testimony in opposition to this measure from the Department of Commerce and Consumer Affairs and one individual.

Your Committee finds that numerous independent studies have concluded that publicly held corporations perform better when women serve on their boards of directors. Economically thriving European countries, such as Germany, France, Norway, and the



Netherlands, have addressed the lack of gender diversity on corporate boards by instituting quotas mandating that thirty to forty percent of seats be held by female directors. Unfortunately, studies predict that it will take forty to fifty years to achieve gender parity if proactive measures are not taken. Therefore, necessitating the inclusion of more females on boards of directors of publicly held corporations is essential to boosting the State's economy, improving opportunities for women in the workplace, and protecting Hawaii taxpayers, shareholders, and retirees.

Your Committee further finds that Goldman Sachs has recently implemented a new rule to push for diversity, particularly related to women, as it will not take companies public unless they have at least one "diverse" board member.

Your Committee notes that the Legislature is confident that the Business Registration Division of the Department of Commerce and Consumer Affairs can successfully implement the requirements of this measure in its duties and responsibilities in light of the evidence cited in the measure.

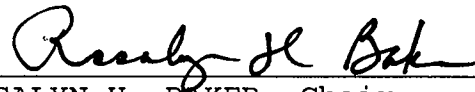
Your Committee has amended this measure by:

- (1) Inserting language that expands the responsibilities of the Department of Commerce and Consumer Affairs beyond ministerial under section 414-16(d), Hawaii Revised Statutes, for the purposes of publishing various reports on its website documenting the number of corporations in compliance with this measure's provisions and imposing administrative fines; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2636, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2636, S.D. 1, and be referred to your Committee on Judiciary.



Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Health,




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ROSALYN H. BAKER, Chair



The Senate  
 Thirtieth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce, Consumer Protection, and Health**  
**CPH**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB2636	CPH, JDC	1/29/20		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
CHANG, Stanley (VC)	✓			
NISHIHARA, Clarence K.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
WAKAI, Glenn				✓
FEVELLA, Kurt	✓			
<b>TOTAL</b>	<b>6</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes