

STAND. COM. REP. NO.

3227

Honolulu, Hawaii

FEB 28 2020

RE: S.B. No. 2636
S.D. 2

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

Sir:

Your Committee on Judiciary, to which was referred S.B.
No. 2636, S.D. 1, 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 require publicly held domestic and foreign corporations registered to conduct business in Hawaii to include a certain number of women among the directors of their corporate boards.

Your Committee received testimony in support of this measure from Planned Parenthood Votes Northwest and Hawaii, American Association of University Women of Hawaii, Hawaii Bankers Association, Save Medicaid Hawaii, LGBT Caucus of the Democratic Party of Hawai'i, and two individuals. Your Committee received testimony in opposition to this measure from two individuals. Your Committee received comments on this measure from the Department of the Attorney General and Department of Commerce and Consumer Affairs Business Registration Division.

Your Committee finds that a 2017 study by MSCI Inc., found that during the period from 2011 to 2016, United States companies with three or more female directors reported earnings per share that were forty-five percent higher than earnings for companies with no female directors. Your Committee further finds that inclusion of more females on boards of directors of publicly held



corporations would boost the State's economy, improve opportunities for women in the workplace, protect Hawaii taxpayers, shareholders, and retirees, and lead to other economic benefits.

Your Committee has some concerns regarding this measure and encourages the following proposed amendments to be considered as this measure proceeds:

- (1) Delay the timeframe for the Department of Commerce and Consumer Affairs to publish the first report of businesses located in Hawaii who have at least one board member of each gender to January 1, 2022;
- (2) Change the requirement that boards have a certain number of "females" to a specified number of persons of each gender, so that the requirement is gender-neutral, per the Attorney General's recommendation;
- (3) Remove application to foreign corporations, per the Attorney General's recommendation; and
- (4) Clarify the definition of "publicly held corporation" to list examples of major U.S. stock exchanges, as requested by the Hawaii Bankers Association.

Your Committee has amended this measure by inserting an effective date of June 18, 2050, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2636, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2636, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



KARL RHOADS, Chair



