

---

---

# A BILL FOR AN ACT

RELATING TO GENDER EQUITY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the inclusion of  
2 more females on boards of directors of publicly held  
3 corporations would boost the State's economy; improve  
4 opportunities for women in the workplace; protect Hawaii  
5 taxpayers, shareholders, and retirees; and lead to other  
6 economic benefits.

7           The legislature recognizes that numerous independent  
8 studies have concluded that publicly held corporations perform  
9 better when women serve on their boards of directors. A 2017  
10 study by MSCI found that during the period from 2011 to 2016,  
11 United States companies with three or more female directors  
12 reported earnings per share that were forty-five per cent higher  
13 than earnings for companies with no female directors. In 2014,  
14 Credit Suisse found that companies with at least one woman on  
15 their boards had an average return on equity of 12.2 per cent,  
16 compared to 10.1 per cent for companies with no female  
17 directors. The same report found that companies with women on



1 their boards had a price-to-book value of 2.4 times the value in  
2 comparison to 1.8 times the value for companies without women on  
3 their boards. Further, a 2012 study from the University of  
4 California, Berkeley found that companies with more women on  
5 their boards are more likely to "create a sustainable future"  
6 by, among other matters, instituting strong governance  
7 structures with a high level of transparency.

8 The legislature also recognizes, however, that studies  
9 predict that it will take forty to fifty years to achieve gender  
10 parity if proactive measures are not taken. The legislature  
11 notes that economically thriving European countries, such as  
12 Germany, France, Norway, and the Netherlands, have addressed the  
13 lack of gender diversity on corporate boards by instituting  
14 quotas mandating that thirty to forty per cent of seats be held  
15 by female directors.

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

19 SECTION 2. Chapter 414, Hawaii Revised Statutes, is  
20 amended by adding a new section to part IX, subpart A, to be  
21 appropriately designated and to read as follows:



1       "§414-A Boards of publicly held corporations; gender  
2 equity. (a) Beginning no later than December 31, 2020, each  
3 publicly held domestic or foreign corporation whose principal  
4 executive office is located within the State shall have a  
5 minimum of one female director on its board.

6       (b) Beginning no later than December 31, 2022, each  
7 publicly held domestic or foreign corporation whose principal  
8 executive office is located within the State shall comply with  
9 the following:

10       (1) If its number of directors is six or more, the  
11 corporation shall have at least three female  
12 directors;

13       (2) If its number of directors is five, the corporation  
14 shall have at least two female directors; and

15       (3) If its number of directors is four or fewer, the  
16 corporation shall have at least one female director.

17       (c) A corporation may increase the number of directors on  
18 its board to comply with this section.

19       (d) No later than July 1, 2020, the department of commerce  
20 and consumer affairs shall publish a report on its website



1 documenting the number of domestic and foreign corporations that  
2 have all of the following:

3 (1) A principal executive office located within the State;  
4 and

5 (2) At least one female director.

6 (e) No later than March 1, 2021, and no later than March 1  
7 of each year that occurs thereafter, the department of commerce  
8 and consumer affairs shall publish an annual report on its  
9 website that provides, at a minimum:

10 (1) The number of corporations subject to this section  
11 that complied with this section for any period of time  
12 during the preceding calendar year;

13 (2) The number of publicly held corporations that moved  
14 their United States headquarters to this State from  
15 outside of the State during the preceding calendar  
16 year; and

17 (3) The number of corporations that were subject to this  
18 section at some point during the preceding calendar  
19 year, but subsequently ceased to be publicly held  
20 corporations.



1       (f) The department of commerce and consumer affairs may  
2 adopt rules pursuant to chapter 91 to implement this section.

3       (g) The department of commerce and consumer affairs may  
4 impose an administrative fine upon a corporation subject to this  
5 section for failure to timely file with the department any board  
6 member information that is required by any rule adopted by the  
7 department. For a first violation, the fine shall be \$100,000.  
8 For any second violation or subsequent violation that occurs  
9 within ten years after the most recent violation, the fine shall  
10 be \$500,000.

11       (h) The department of commerce and consumer affairs may  
12 impose an administrative fine upon a corporation subject to this  
13 section for failure to include the minimum number of female  
14 directors on its board, as required by subsection (a) or (b).  
15 The amount of the fine imposed shall be determined by  
16 administrative rule. For the purposes of this subsection:

17       (1) Each director's seat not filled by a female, as  
18 required by subsection (a) or (b), shall count as a  
19 separate violation; and

20       (2) If a female filled a director's seat as required by  
21 subsection (a) or (b) during any portion of a calendar



1           year, the corporation shall not be found to have  
2           violated the corresponding subsection for that  
3           calendar year.

4           (i) For purposes of this section:

5           "Female" means an individual who self-identifies her gender  
6           as a woman, without regard to the individual's designated sex at  
7           birth.

8           "Principal executive office" means a corporation's  
9           principal executive office, as listed on the corporation's most  
10          recent SEC 10-K form.

11          "Publicly held corporation" means a corporation with  
12          outstanding shares listed on a major United States stock  
13          exchange."

14          SECTION 3. Chapter 414, Hawaii Revised Statutes, is  
15          amended by adding a new section to part XVI to be appropriately  
16          designated and to read as follows:

17          "§414-B Boards of publicly held foreign corporations;  
18          gender equity. (a) Section 414-A shall apply to each publicly  
19          held foreign corporation to the exclusion of the law of the  
20          jurisdiction in which the foreign corporation is incorporated.



1        (b) For purposes of this section, "publicly held foreign  
2 corporation" means a foreign corporation with outstanding shares  
3 on a major Unites States stock exchange."

4        SECTION 4. In codifying the new sections added by sections  
5 2 and 3 of this Act, the revisor of statutes shall substitute  
6 appropriate section numbers for the letters used in designating  
7 the new sections in this Act.

8        SECTION 5. New statutory material is underscored.

9        SECTION 6. This Act shall take effect on January 1, 2050.



**Report Title:**

DCCA; Corporations; Boards of Directors; Women; Penalties

**Description:**

Requires publicly held domestic and foreign corporations to include certain numbers of females among their boards of directors. Authorizes administrative fines for noncompliance. Takes effect on January 1, 2050. (HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

