

ASSEMBLY, No. 5347

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 22, 2021

Sponsored by:

Assemblywoman YVONNE LOPEZ

District 19 (Middlesex)

Assemblywoman ELIANA PINTOR MARIN

District 29 (Essex)

Assemblywoman SHANIQUE SPEIGHT

District 29 (Essex)

Co-Sponsored by:

Assemblywoman Vainieri Huttle

SYNOPSIS

Requires racial and gender diversity in membership of certain boards of directors.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/18/2021)

1 AN ACT concerning the composition of certain corporate boards of
2 directors and supplementing Title 14A of the New Jersey
3 Statutes.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

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8 1. As used in P.L. , c. (C.)(pending before the
9 Legislature as this bill):

10 “Gender” means a person’s sex-related or gender-related
11 characteristics, including one’s gender identity and has the same
12 legal meaning as sex.

13 “Race” means the major groupings into which humankind is
14 divided on the basis of physical characteristics or shared ancestry.

15 “Publicly held domestic or foreign corporation” means a
16 domestic or foreign corporation, with outstanding shares listed on a
17 major United States stock exchange.

18

19 2. a. By December 31, 2021, a publicly held domestic or
20 foreign corporation, whose principal executive office is located in
21 this State, shall have a board of directors that reflects the racial and
22 gender diversity of this State. A corporation may increase the
23 number of directors on its board, pursuant to N.J.S.14A:6-2, to
24 comply with this subsection.

25 b. A publicly held domestic or foreign corporation, whose
26 principal executive office is located in this State, shall rely on
27 information from the most recent decennial census, published by the
28 United States Bureau of the Census, in order to comply with
29 subsection a. of this section.

30 c. For the purpose of determining compliance with subsection
31 a. of this section, a publicly held domestic or foreign corporation,
32 whose principal executive office is located in this State, shall file
33 with the Secretary of State, on an annual basis, a list of all directors
34 and each director’s terms of service.

35

36 3. A publicly held domestic or foreign corporation that violates
37 the provisions of P.L. , c. (C.)(pending before
38 the Legislature as this bill) shall be subject to the following
39 penalties:

40 a. A corporation which fails to have its board reflect the racial
41 and gender diversity of this State pursuant to subsection a. of
42 section 2 of P.L. , c. (C.)(pending before the Legislature
43 as this bill) shall be subject to a civil penalty of \$100,000 for a first
44 violation and \$300,000 for each subsequent violation. A board
45 which reflects the racial and gender diversity of this State for at
46 least a portion of a given calendar year shall not be in violation of
47 this subsection.

b. A corporation which fails to file board member information in a timely manner with the Secretary of State pursuant to subsection c. of section 2 of P.L. _____, c. ____ (C. ____)(pending before the Legislature as this bill), shall be subject to a civil penalty of \$100,000.

c. Any fine collected by the Secretary of State pursuant to this section shall be used by the secretary to offset the cost of administering P.L. , c. (C.)(pending before the Legislature as this bill).

4. By March 1, 2022, and annually thereafter, the Secretary of State shall prepare and submit a report to the Governor and the Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), with all of the following:

a. A list of publicly held domestic and foreign corporations subject to, and in compliance with, the requirements of subsection a. of section 2 of P.L., c. (C.)(pending before the legislature as this bill) during at least one point during the preceding calendar year;

b. The number of publicly held domestic and foreign corporations that moved their United States headquarters during the preceding calendar year to New Jersey from another state or from New Jersey to another state; and

c. The number of domestic and foreign corporations that were subject to subsection a. of section 2 of P.L. , c. (C.)(pending before the Legislature as this bill) during the preceding year but are no longer publicly traded.

5. The Secretary of State shall adopt, pursuant to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations to implement sections 2 through 4 of P.L. , c. (C.)(pending before the Legislature as this bill).

6. This act shall take effect immediately.

STATEMENT

This bill requires a publicly held domestic or foreign corporation, based in New Jersey, to have a board of directors that reflects the racial and gender diversity of this State.

Under this bill, a publicly held domestic or foreign corporation, whose principal executive office is located within this State, will be required to have a board of directors that reflects the racial and gender diversity of this State by December 31, 2021. In order to comply with this requirement, a corporation will be able to increase the number of directors on its board and use information from the most recent decennial census published by the United States Bureau

1 of the Census. Corporations will also be required to file a list of all
2 directors and each director's terms of service with the Secretary of
3 State.

4 Additionally, by March 1, 2022, and annually thereafter, the
5 Secretary of State will be required to prepare and submit a report to
6 the Governor and the Legislature that contains the following:

7 (1) A list of publicly held domestic and foreign corporations
8 subject to, and in compliance with, the diversity requirement of this
9 bill during at least one point within the preceding calendar year;

10 (2) The number of publicly held domestic and foreign
11 corporations that moved their United States headquarters during the
12 preceding calendar year to New Jersey from another state or from
13 New Jersey to another state; and

14 (3) The number of domestic and foreign corporations that were
15 subject to the diversity requirement of this bill during the preceding
16 calendar year but are no longer publicly traded.