S-3966.2

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SENATE BILL 6652**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**State of Washington 64th Legislature 2016 Regular Session**

**By** Senator Keiser

AN ACT Relating to increasing equitable gender representation on the boards of directors of corporations; amending RCW 23B.08.030, 24.03.100, and 23.95.255; and creating a new section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  The legislature finds that it has a substantial interest in gender equity at all levels, including the highest levels of corporations. It also finds that over the last decade, less than satisfactory progress has been made with regard to gender equity on the boards of corporations. Therefore, the legislature finds that standards for membership of boards for both for-profit and nonprofit corporations need to be set in order to achieve the desired objectives.

**Sec.**  RCW 23B.08.030 and 2009 c 189 s 23 are each amended to read as follows:

(1) A board of directors must consist of one or more individuals, with the number specified in or fixed in accordance with the articles of incorporation or bylaws.

(2) Directors are elected at the first annual shareholders' meeting and at each annual meeting thereafter unless (a) their terms are staggered under RCW 23B.08.060, or (b) their terms are otherwise governed by RCW 23B.05.050. Directors also may be elected by execution of a shareholder consent under RCW 23B.07.040.

(3) By January 1, 2022, a corporation with nine or more director seats must have a minimum of three females and three males on its board of directors, a corporation with five to eight director seats must have a minimum of two females and two males on its board of directors, and a corporation with two to four seats must have a minimum of one female and one male on its board of directors. By January 1, 2032, a corporation must demonstrate substantial equity standards and have no fewer than thirty percent of its board of director seats filled by females and no fewer than thirty percent of its board of directors seats filled by males.

**Sec.**  RCW 24.03.100 and 1986 c 240 s 15 are each amended to read as follows:

(1) The board of directors of a corporation shall consist of one or more individuals. The number of directors shall be fixed by or in the manner provided in the articles of incorporation or the bylaws, except as to the number constituting the initial board of directors, which number shall be fixed by the articles of incorporation. The number of directors may be increased or decreased from time to time by amendment to or in the manner provided in the articles of incorporation or the bylaws, but a decrease shall not have the effect of shortening the term of any incumbent director. In the absence of a bylaw providing for the number of directors, the number shall be the same as that provided for in the articles of incorporation. The names and addresses of the members of the first board of directors shall be stated in the articles of incorporation. Such persons shall hold office until the first annual election of directors or for such other period as may be specified in the articles of incorporation or the bylaws. Thereafter, directors shall be elected or appointed in the manner and for the terms provided in the articles of incorporation or the bylaws. Directors may be divided into classes and the terms of office and manner of election or appointment need not be uniform. Each director shall hold office for the term for which the director is elected or appointed and until the director's successor shall have been selected and qualified.

(2) By January 1, 2022, a corporation with nine or more director seats must have a minimum of three females and three males on its board of directors, a corporation with five to eight director seats must have a minimum of two females and two males on its board of directors, and a corporation with two to four seats must have a minimum of one female and one male on its board of directors. By January 1, 2032, a corporation must demonstrate substantial equity standards and have no fewer than thirty percent of its board of director seats filled by females and no fewer than thirty percent of its board of directors seats filled by males.

**Sec.**  RCW 23.95.255 and 2015 c 176 s 1212 are each amended to read as follows:

(1) A domestic entity other than a limited liability partnership or nonprofit corporation shall, within one hundred twenty days of the date on which its public organic record became effective, deliver to the secretary of state for filing an initial report that states the information required under subsection (2) of this section.

(2) A domestic entity or registered foreign entity shall deliver to the secretary of state for filing an annual report that states:

(a) The name of the entity and its jurisdiction of formation;

(b) The name and street and mailing addresses of the entity's registered agent in this state;

(c) The street and mailing addresses of the entity's principal office;

(d) In the case of a registered foreign entity, the street and mailing address of the entity's principal office in the state or country under the laws of which it is incorporated;

(e) The names of the entity's governors;

(f) A brief description of the nature of the entity's business;

(g) In the case of a business corporation, the names and addresses of the chairperson of its board of directors, if any, president, secretary, and treasurer, or individuals, however designated, performing the functions of such officers; ((~~and~~))

(h) The entity's unified business identifier number; and

(i) For business corporations and nonprofit corporations, the total number of seats on the entity's board of directors, the total number of females serving on the entity's board of directors, and the total number of males serving on the entity's board of directors.

(3) Information in an initial or annual report must be current as of the date the report is executed by the entity.

(4) Annual reports must be delivered to the secretary of state on a date determined by the secretary of state and at such additional times as the entity elects.

(5) If an initial or annual report does not contain the information required by this section, the secretary of state promptly shall notify the reporting entity in a record and return the report for correction.

(6) If an initial or annual report contains the name or address of a registered agent that differs from the information shown in the records of the secretary of state immediately before the annual report becomes effective, the differing information in the initial or annual report is considered a statement of change under RCW 23.95.430.

(7) The secretary of state shall send to each domestic entity and registered foreign entity, not less than thirty or more than ninety days prior to the expiration date of the entity's annual renewal, a notice that the entity's annual report must be filed as required by this chapter and that any applicable annual renewal fee must be paid, and stating that if the entity fails to file its annual report or pay the annual renewal fee it will be administratively dissolved. The notice may be sent by postal or ((~~electronic mail [email]~~)) email as elected by the entity, addressed to its registered agent within the state, or to an electronic address designated by the entity in a record retained by the secretary of state. Failure of the secretary of state to provide any such notice does not relieve a domestic entity or registered foreign entity from its obligations to file the annual report required by this chapter or to pay any applicable annual renewal fee. The option to receive the notice provided under this section by ((~~electronic mail [email]~~)) email may be selected only when the secretary of state makes the option available.

**--- END ---**