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SENATE BILL 6652

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State of Washington

64th Legislature

2016 Regular Session

By Senator Keiser

Read first time 02/08/16. Referred to Committee on Law & Justice.

1 AN ACT Relating to increasing equitable gender representation on  
2 the boards of directors of corporations; amending RCW 23B.08.030,  
3 24.03.100, and 23.95.255; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that it has a  
6 substantial interest in gender equity at all levels, including the  
7 highest levels of corporations. It also finds that over the last  
8 decade, less than satisfactory progress has been made with regard to  
9 gender equity on the boards of corporations. Therefore, the  
10 legislature finds that standards for membership of boards for both  
11 for-profit and nonprofit corporations need to be set in order to  
12 achieve the desired objectives.

13 **Sec. 2.** RCW 23B.08.030 and 2009 c 189 s 23 are each amended to  
14 read as follows:

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

18 (2) Directors are elected at the first annual shareholders'  
19 meeting and at each annual meeting thereafter unless (a) their terms  
20 are staggered under RCW 23B.08.060, or (b) their terms are otherwise

1 governed by RCW 23B.05.050. Directors also may be elected by  
2 execution of a shareholder consent under RCW 23B.07.040.

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

13 **Sec. 3.** RCW 24.03.100 and 1986 c 240 s 15 are each amended to  
14 read as follows:

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

37 (2) By January 1, 2022, a corporation with nine or more director  
38 seats must have a minimum of three females and three males on its  
39 board of directors, a corporation with five to eight director seats

1 must have a minimum of two females and two males on its board of  
2 directors, and a corporation with two to four seats must have a  
3 minimum of one female and one male on its board of directors. By  
4 January 1, 2032, a corporation must demonstrate substantial equity  
5 standards and have no fewer than thirty percent of its board of  
6 director seats filled by females and no fewer than thirty percent of  
7 its board of directors seats filled by males.

8 **Sec. 4.** RCW 23.95.255 and 2015 c 176 s 1212 are each amended to  
9 read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (6) If an initial or annual report contains the name or address  
9 of a registered agent that differs from the information shown in the  
10 records of the secretary of state immediately before the annual  
11 report becomes effective, the differing information in the initial or  
12 annual report is considered a statement of change under RCW  
13 23.95.430.

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

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