

# SENATE, No. 3695

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED APRIL 26, 2021

**Sponsored by:**

**Senator M. TERESA RUIZ**

**District 29 (Essex)**

**Senator JOSEPH P. CRYAN**

**District 20 (Union)**

**SYNOPSIS**

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

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 5/6/2021)

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:

7  
8 1. As used in P.L. , c. (C. ) (pending before the Legislature  
9 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 the Legislature  
38 as this bill) shall be subject to the following penalties:

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



1 the number of directors on its board and use information from the  
2 most recent decennial census published by the United States Bureau  
3 of the Census. Corporations will also be required to file a list of all  
4 directors and each director's terms of service with the Secretary of  
5 State.

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

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

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

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