



Sen. Christopher Belt

Filed: 5/29/2019

10100HB3394sam003

LRB101 11207 TAE 61377 a

1 AMENDMENT TO HOUSE BILL 3394

2 AMENDMENT NO. _____. Amend House Bill 3394 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Business Corporation Act of 1983 is amended
5 by changing Section 14.05 and adding Section 8.12 as follows:

6 (805 ILCS 5/8.12 new)

7 Sec. 8.12. Female and minority directors.

8 (a) Findings and purpose. The General Assembly finds that
9 women and minorities are still largely underrepresented
10 nationally in positions of corporate authority, such as serving
11 as a director on a corporation's board of directors. This low
12 representation could be contributing to the disparity seen in
13 wages made by females and minorities versus their white male
14 counterparts. Increased representation of these individuals as
15 directors on boards of directors for corporations may boost the
16 Illinois economy, improve opportunities for women and

1 minorities in the workplace, and foster an environment in
2 Illinois where the business community is representative of our
3 residents. Therefore, it is the intent of the General Assembly
4 to gather more data and study this issue within the State so
5 that effective policy changes may be implemented to eliminate
6 this disparity.

7 (b) As used in this Section:

8 "Annual report" means the report submitted annually to the
9 Secretary of State pursuant to this Act.

10 "Female" means a person who is a citizen or lawful
11 permanent resident of the United States and who self-identifies
12 as a woman, without regard to the individual's designated sex
13 at birth.

14 "Minority person" means a person who is a citizen or lawful
15 permanent resident of the United States and who is any of the
16 following races or ethnicities:

17 (1) American Indian or Alaska Native (a person having
18 origins in any of the original peoples of North and South
19 America, including Central America, and who maintains
20 tribal affiliation or community attachment).

21 (2) Asian (a person having origins in any of the
22 original peoples of the Far East, Southeast Asia, or the
23 Indian subcontinent, including, but not limited to,
24 Cambodia, China, India, Japan, Korea, Malaysia, Pakistan,
25 the Philippine Islands, Thailand, and Vietnam).

26 (3) Black or African American (a person having origins

1 in any of the black racial groups of Africa). Terms such as
2 "Haitian" or "Negro" can be used in addition to "Black" or
3 "African American".

4 (4) Hispanic or Latino (a person of Cuban, Mexican,
5 Puerto Rican, South or Central American, or other Spanish
6 culture or origin, regardless of race).

7 (5) Native Hawaiian or Other Pacific Islander (a person
8 having origins in any of the original peoples of Hawaii,
9 Guam, Samoa, or other Pacific Islands).

10 (6) "Publicly held domestic or foreign corporation"
11 means a corporation with outstanding shares listed on a
12 major United States stock exchange.

13 (c) Reporting to the Secretary of State. As soon as
14 practical after the effective date of this amendatory Act of
15 the 101st General Assembly, but no later than January 1, 2021,
16 the following information shall be provided in a corporation's
17 annual report submitted to the Secretary of State under this
18 Act and made available by the Secretary of State to the public
19 online as it is received:

20 (1) Whether the corporation is a publicly held domestic
21 or foreign corporation with its principal executive office
22 located in Illinois.

23 (2) Where the corporation is a publicly held domestic
24 or foreign corporation with its principal executive office
25 located in Illinois, data on specific qualifications,
26 skills, and experience that the corporation considers for

1 its board of directors, nominees for the board of
2 directors, and executive officers.

3 (3) Where the corporation is a publicly held domestic
4 or foreign corporation with its principal executive office
5 located in Illinois, the self-identified gender of each
6 member of its board of directors.

7 (4) Where the corporation is a publicly held domestic
8 or foreign corporation with its principal executive office
9 located in Illinois, whether each member of its board of
10 directors self-identifies as a minority person and, if so,
11 which race or ethnicity to which the member belongs.

12 (5) Where the corporation is a publicly held domestic
13 or foreign corporation with its principal executive office
14 located in Illinois, a description of the corporation's
15 process for identifying and evaluating nominees for the
16 board of directors, including whether and, if so, how
17 demographic diversity is considered.

18 (6) Where the corporation is a publicly held domestic
19 or foreign corporation with its principal executive office
20 located in Illinois, a description of the corporation's
21 process for identifying and appointing executive officers,
22 including whether and, if so, how demographic diversity is
23 considered.

24 (7) Where the corporation is a publicly held domestic
25 or foreign corporation with its principal executive office
26 located in Illinois, a description of the corporation's

1 policies and practices for promoting diversity, equity,
2 and inclusion among its board of directors and executive
3 officers.

4 Information reported under this subsection shall be
5 updated in each annual report filed with the Secretary of State
6 thereafter.

7 (d) Beginning no later than March 1, 2021, and every March
8 1 thereafter, the University of Illinois Systems shall review
9 the information reported and published under subsection (c) and
10 shall publish on its website a report that provides aggregate
11 data on the demographic characteristics of the boards of
12 directors and executive officers of corporations filing an
13 annual report for the preceding year along with an
14 individualized rating for each corporation. The report shall
15 also identify strategies for promoting diversity and inclusion
16 among boards of directors and corporate executive officers.

17 (e) The University of Illinois System shall establish a
18 rating system assessing the representation of women and
19 minorities on corporate boards of directors of those
20 corporations that are publicly held domestic or foreign
21 corporations with their principal executive office located in
22 Illinois based on the information gathered under this Section.
23 The rating system shall consider, among other things:
24 compliance with the demographic reporting obligations in
25 subsection (c); the corporation's policies and practices for
26 encouraging diversity in recruitment, board membership, and

1 executive appointments; and the demographic diversity of board
2 seats and executive positions.

3 (805 ILCS 5/14.05) (from Ch. 32, par. 14.05)

4 Sec. 14.05. Annual report of domestic or foreign
5 corporation. Each domestic corporation organized under any
6 general law or special act of this State authorizing the
7 corporation to issue shares, other than homestead
8 associations, building and loan associations, banks and
9 insurance companies (which includes a syndicate or limited
10 syndicate regulated under Article V 1/2 of the Illinois
11 Insurance Code or member of a group of underwriters regulated
12 under Article V of that Code), and each foreign corporation
13 (except members of a group of underwriters regulated under
14 Article V of the Illinois Insurance Code) authorized to
15 transact business in this State, shall file, within the time
16 prescribed by this Act, an annual report setting forth:

17 (a) The name of the corporation.

18 (b) The address, including street and number, or rural
19 route number, of its registered office in this State, and
20 the name of its registered agent at that address.

21 (c) The address, including street and number, or rural
22 route number, of its principal office.

23 (d) The names and respective addresses, including
24 street and number, or rural route number, of its directors
25 and officers.

1 (e) A statement of the aggregate number of shares which
2 the corporation has authority to issue, itemized by classes
3 and series, if any, within a class.

4 (f) A statement of the aggregate number of issued
5 shares, itemized by classes, and series, if any, within a
6 class.

7 (g) A statement, expressed in dollars, of the amount of
8 paid-in capital of the corporation as defined in this Act.

9 (h) Either a statement that (1) all the property of the
10 corporation is located in this State and all of its
11 business is transacted at or from places of business in
12 this State, or the corporation elects to pay the annual
13 franchise tax on the basis of its entire paid-in capital,
14 or (2) a statement, expressed in dollars, of the value of
15 all the property owned by the corporation, wherever
16 located, and the value of the property located within this
17 State, and a statement, expressed in dollars, of the gross
18 amount of business transacted by the corporation and the
19 gross amount thereof transacted by the corporation at or
20 from places of business in this State as of the close of
21 its fiscal year on or immediately preceding the last day of
22 the third month prior to the anniversary month or in the
23 case of a corporation which has established an extended
24 filing month, as of the close of its fiscal year on or
25 immediately preceding the last day of the third month prior
26 to the extended filing month; however, in the case of a

1 domestic corporation that has not completed its first
2 fiscal year, the statement with respect to property owned
3 shall be as of the last day of the third month preceding
4 the anniversary month and the statement with respect to
5 business transacted shall be furnished for the period
6 between the date of incorporation and the last day of the
7 third month preceding the anniversary month. In the case of
8 a foreign corporation that has not been authorized to
9 transact business in this State for a period of 12 months
10 and has not commenced transacting business prior to
11 obtaining authority, the statement with respect to
12 property owned shall be as of the last day of the third
13 month preceding the anniversary month and the statement
14 with respect to business transacted shall be furnished for
15 the period between the date of its authorization to
16 transact business in this State and the last day of the
17 third month preceding the anniversary month. If the data
18 referenced in item (2) of this subsection is not completed,
19 the franchise tax provided for in this Act shall be
20 computed on the basis of the entire paid-in capital.

21 (i) A statement, including the basis therefor, of
22 status as a "minority-owned business" or as a "women-owned
23 business" as those terms are defined in the Business
24 Enterprise for Minorities, Women, and Persons with
25 Disabilities Act.

26 (j) Additional information as may be necessary or

1 appropriate in order to enable the Secretary of State to
2 administer this Act and to verify the proper amount of fees
3 and franchise taxes payable by the corporation.

4 (k) A statement of whether the corporation or foreign
5 corporation has outstanding shares listed on a major United
6 States stock exchange and is thereby subject to the
7 reporting requirements of Section 8.12.

8 (l) For those corporations subject to Section 8.12, a
9 statement providing the information required under Section
10 8.12.

11 The annual report shall be made on forms prescribed and
12 furnished by the Secretary of State, and the information
13 therein required by paragraphs (a) through (d), both inclusive,
14 of this Section, shall be given as of the date of the execution
15 of the annual report and the information therein required by
16 paragraphs (e), (f), and (g) of this Section shall be given as
17 of the last day of the third month preceding the anniversary
18 month, except that the information required by paragraphs (e),
19 (f), and (g) shall, in the case of a corporation which has
20 established an extended filing month, be given in its final
21 transition annual report and each subsequent annual report as
22 of the close of its fiscal year on or immediately preceding the
23 last day of the third month prior to its extended filing month.
24 It shall be executed by the corporation by its president, a
25 vice-president, secretary, assistant secretary, treasurer or
26 other officer duly authorized by the board of directors of the

1 corporation to execute those reports, and verified by him or
2 her, or, if the corporation is in the hands of a receiver or
3 trustee, it shall be executed on behalf of the corporation and
4 verified by the receiver or trustee.

5 (Source: P.A. 100-391, eff. 8-25-17; 100-486, eff. 1-1-18;
6 100-863, eff. 8-14-18.)

7 Section 99. Effective date. This Act takes effect upon
8 becoming law.".