

SENATE BILL NO. 64

January 28, 2021, Introduced by Senator SANTANA and referred to the Committee on Economic and Small Business Development.

A bill to amend 1972 PA 284, entitled
"Business corporation act,"
by amending section 1002 (MCL 450.2002), as amended by 2008 PA 402,
and by adding section 505a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 505a. (1) Beginning January 1, 2022, a publicly held
2 domestic corporation or foreign corporation that has principal
3 executive offices, according to the corporation's SEC 10-K form,
4 located in this state shall have a minimum of 1 female director on
5 its board. A corporation may increase the number of directors on

1 its board to comply with this section.

2 (2) Beginning January 1, 2024, a publicly held domestic
3 corporation or foreign corporation that has principal executive
4 offices, according to the corporation's SEC 10-K form, located in
5 this state shall comply with 1 of the following, as applicable:

6 (a) If its number of directors is 6 or more, the corporation
7 shall have at least 3 female directors.

8 (b) If its number of directors is 5, the corporation shall
9 have at least 2 female directors.

10 (c) If its number of directors is 4 or fewer, the corporation
11 shall have at least 1 female director.

12 (3) By July 1, 2021, the administrator shall publish a report
13 on its public internet website that documents the number of
14 domestic corporations and foreign corporations that have principal
15 executive offices, according to the corporation's SEC 10-K form,
16 located in this state and that have at least 1 female director.

17 (4) By March 1, 2023, and by March 1 of each subsequent year,
18 the administrator shall publish a report on its public internet
19 website that concerns, at a minimum, all of the following:

20 (a) The number of corporations subject to this section that
21 were in compliance with the requirements of this section during at
22 least 1 point during the preceding calendar year.

23 (b) The number of publicly held corporations that moved their
24 United States headquarters to this state from another state or out
25 of this state into another state during the preceding calendar
26 year.

27 (c) The number of publicly held corporations that were subject
28 to this section during the preceding year, but are no longer
29 publicly traded.

1 (5) A corporation that violates this section, or that fails to
2 timely file board member information with the administrator under a
3 rule promulgated under subsection (6), is subject to an
4 administrative fine of not more than \$100,000.00 for a first
5 violation, or a fine of not more than \$300,000.00 for a second or
6 subsequent violation. All of the following apply for purposes of
7 this subsection:

8 (a) Each director seat that is required under this section to
9 be held by a female, and that is not held by a female during at
10 least a portion of a calendar year, is a separate violation of this
11 section.

12 (b) If a female director has held a director seat that is
13 required under this section to be held by a female for at least a
14 portion of a calendar year, it is not a violation of this section.

15 (c) Administrative fines collected under this section must be
16 available, upon appropriation by the legislature, for use by the
17 administrator to offset the cost of administering this section.

18 (6) The administrator may promulgate rules to implement this
19 section.

20 (7) As used in this section:

21 (a) "Female" means an individual who self-identifies her
22 gender as a woman, without regard to the individual's designated
23 sex at birth.

24 (b) "Publicly held corporation" means a corporation that has
25 outstanding shares listed on a major United States stock exchange.

26 Sec. 1002. (1) A foreign corporation that receives a
27 certificate of authority under this act, until a certificate of
28 revocation or of withdrawal is issued under this act, has the same
29 rights and privileges as a domestic corporation organized for the

1 purposes set forth in the application pursuant to which the
2 certificate of authority is issued. Except as otherwise provided in
3 this act, the corporation is subject to the same duties,
4 restrictions, penalties, and liabilities of a similar domestic
5 corporation.

6 (2) ~~This~~ **Except as provided in subsection (3), this** act does
7 not authorize this state to regulate the organization or internal
8 affairs of a foreign corporation authorized to transact business in
9 this state.

10 (3) **Section 505a applies to a foreign corporation that is a**
11 **publicly held corporation to the exclusion of the law of the**
12 **jurisdiction in which the foreign corporation is incorporated. As**
13 **used in this subsection, "publicly held corporation" means a**
14 **foreign corporation that has outstanding shares listed on a major**
15 **United States stock exchange.**

16 Enacting section 1. This amendatory act takes effect 90 days
17 after the date it is enacted into law.