

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

Senate Joint Resolution 3 (Senator Young, *et al.*)
Judicial Proceedings

Women on Corporate Boards

This joint resolution encourages equitable and diverse gender representation on corporate boards and urges that, within a three-year period, each publicly held corporation in Maryland (1) with nine or more director seats have a minimum of three women on its board; (2) with five to eight director seats have a minimum of two women on its board; and (3) with fewer than five director seats have a minimum of one woman on its board.

Fiscal Summary

State Effect: The joint resolution does not directly affect State operations or finances.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law/Background: Under the Corporations and Associations Article, the business and affairs of a corporation must be managed by or under the direction of a board of directors. All of the powers of a corporation may be exercised by or under the authority of the board of directors, except as conferred on or reserved to the stockholders by law or by the charter or bylaws of the corporation. Each corporation must have at least one director. A corporation's charter must specify the number of directors for the corporation. The bylaws of a corporation may alter the number of directors set by the charter and authorize the majority of the entire board of directors to alter, within specified time limits, the number of directors set by the charter or bylaws; such action may not affect the tenure of office of any director. Each director, and each nominee for a director position,

must meet the qualifications required in the charter or bylaws of the corporation. A director does not need to be a stockholder of the corporation (unless the charter or bylaws so specify).

A national campaign seeking improved female representation on corporate boards, entitled “2020 Women on Boards,” launched in Boston in 2010 and expanded nationally in 2011. The campaign seeks to increase the percentage of women on U.S. company boards to 20% or greater by 2020. According to its 2017 Gender Diversity Index Report, for the 801 active gender diversity index companies analyzed (those listed on the 2010 *Fortune 1000* list of companies), women hold 20.8% of board seats (an increase from 19.7% in 2016 and 14.6% in 2011). Additionally, Maryland was one of 13 states that exceeded the target 20% representation.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Department of Assessments and Taxation; *2020 Women on Boards*; Department of Legislative Services

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mm/kdm

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