

SENATE BILL NO. 399—SENATOR SPEARMAN

MARCH 26, 2021

Referred to Committee on Judiciary

SUMMARY—Establishes provisions relating to employment.
(BDR 7-441)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to employment; expressing the intent of the Legislature regarding the importance of the inclusion of more qualified women on corporate boards of directors; requiring certain corporations to submit an annual report to the Secretary of State that contains information relating to members of their boards of directors; requiring the Secretary of State to make such information available on the Internet website of the Office of the Secretary of State and submit an annual report to the Governor and the Director of the Legislative Counsel Bureau; authorizing the Secretary of State to adopt regulations relating to the submission and disclosure of such information; requiring the Employment Security Division of the Department of Employment, Training and Rehabilitation to submit annually to the Nevada Equal Rights Commission certain information concerning employers whose employees have received unemployment benefits; establishing provisions concerning the review of such information and the investigation into and determination as to whether an employer is engaging in certain unlawful employment practices; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

- 1 Existing law establishes provisions relating to various business associations,
- 2 including corporations. (Title 7 of NRS) **Section 2** of this bill expresses the intent



3 of the Legislature regarding the importance of including a higher number of
4 qualified women on corporate boards of directors.

5 Existing law establishes provisions concerning the temporary annual survey of
6 businesses in this State to collect data and information pertaining to issues of
7 gender equality in the workplace. (NRS 75A.400-75A.430) Existing law provides
8 that responding to the survey is voluntary, but requires the Secretary of State to
9 make any responses to the survey available on the Internet website of the Office of
10 the Secretary of State and submit an annual report containing such responses to the
11 Governor and the Director of the Legislative Counsel Bureau. (NRS 75A.410,
12 75A.420) **Section 3** of this bill requires any corporation that has its principal
13 executive offices located in this State and employs 500 or more people to submit an
14 annual report to the Secretary of State that indicates the number of persons who
15 serve on its board of directors and the number of those board members who are
16 female. **Section 3** requires the Secretary of State to: (1) make such information
17 available on the Internet website of the Office of the Secretary of State in a manner
18 that allows a person to electronically search for the information by the name of the
19 corporation that submitted the information; and (2) complete an annual report
20 containing all such information submitted during the preceding year and submit the
21 report to the Governor and the Director of the Legislative Counsel Bureau. **Section**
22 **3** also authorizes the Secretary of State to adopt any regulations necessary or
23 advisable to carry out such provisions.

24 Existing law sets forth provisions concerning the payment of benefits to certain
25 persons who are unemployed. (Chapter 612 of NRS) **Section 4** of this bill requires
26 the Employment Security Division of the Department of Employment, Training and
27 Rehabilitation to submit annually to the Nevada Equal Rights Commission certain
28 information for each employer who had one or more employees receive
29 unemployment benefits during the previous calendar year, including: (1) the total
30 number of employees who received benefits; (2) the total wages received by each
31 employee; and (3) to the extent such information is made available to the Division,
32 certain demographic information concerning each employee. **Section 4** requires the
33 Commission, to the extent of available funding, to review the information received
34 from the Division and make an initial determination as to whether it appears that an
35 employer might be engaging in unlawful employment practices with regard to the
36 wages of its employees or the employer's pattern of terminating employees.
37 **Section 4** provides that if the Commission makes such an initial determination, the
38 Commission is required to conduct an investigation and, if the Commission
39 determines that the employer is engaging in an unlawful employment practice,
40 provide: (1) notification of the determination to the employer and all affected
41 employees; (2) a warning to the employer to cease engaging in the unlawful
42 employment practice; and (3) information regarding the process for filing a
43 complaint with the Commission to all affected employees.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 75 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 and 3 of this act.

3 **Sec. 2. 1. *The Legislature hereby finds and declares that:***
4 ***(a) Numerous independent studies have concluded that***
5 ***publicly traded companies perform better if they have women***
6 ***servng on their boards of directors.***



1 (b) A study by Credit Suisse found that companies that had at
2 least one woman on their boards of directors had a greater
3 average return on equity and price-to-book value than companies
4 that had no women on their boards of directors.

5 (c) A global research study conducted over a 6-year period by
6 Credit Suisse which involved more than 2,000 companies showed
7 that having women on boards of directors improved the business
8 and stock performance of companies, with net income growth for
9 companies that had women on their boards of directors averaging
10 14 percent more than companies that had no women on their
11 boards of directors. For companies with a market capitalization of
12 more than \$10 billion, those that had women on their boards of
13 directors outperformed shares of comparable businesses that had
14 all men on their boards of directors by 26 percent.

15 (d) Research has indicated that when the last recession
16 occurred, companies that had women on their boards of directors
17 significantly outperformed companies that did not have women on
18 their boards of directors, and since the financial crisis in 2008,
19 there has been a greater correlation between the stock
20 performance of a company and having at least one woman on its
21 board of directors.

22 (e) According to recent data, the performance of public
23 offerings of companies that have at least one woman on their
24 boards of directors has consistently been significantly better than
25 the performance of public offerings of companies that do not have
26 any women on their boards of directors.

27 (f) Studies have shown that having at least three women
28 serving on a board of directors increases the effectiveness of the
29 board, creates an environment in which women are not seen as
30 outsiders and are able to more substantially influence the content
31 and process of board discussions and enables such women to
32 interact and exercise an influence on the working style, processes
33 and tasks of the board, thereby having a positive effect on the level
34 of organizational innovation within the company. When there are
35 at least three women on a board with an average of 10 directors,
36 organizational performance increases significantly.

37 (g) A study by MCSI found that over a 5-year period,
38 companies that began the period having three or more women on
39 their boards of directors reported earnings per share that were 45
40 percent higher than companies that began the period without
41 having women on their boards of directors.

42 (h) Research has shown that:

43 (1) Companies that have at least three women in senior
44 management positions score, on average, higher in organizational



1 *performance than companies that do not have any women in such*
2 *positions.*

3 (2) *Companies in which women are most strongly*
4 *represented in board and senior management positions perform*
5 *the best in profitability, productivity and workforce engagement.*

6 (3) *Companies that have women on their boards of*
7 *directors make better acquisition and investment decisions, are*
8 *more risk averse, institute strong governance structures that are*
9 *highly transparent, use cash more efficiently and, on average,*
10 *carry less debt, resulting in benefits for shareholders and lower*
11 *stock volatility.*

12 (4) *Having diversity among a board of directors is*
13 *beneficial for a company, enhances performance and results in*
14 *having diversity of thought and improvements in making*
15 *decisions. Several independent studies have found that publicly*
16 *held companies that have diverse boards of directors earn more*
17 *money.*

18 (5) *Companies that have more gender diversity are*
19 *associated with higher research and development intensity, obtain*
20 *more patents and report higher levels of innovation.*

21 (6) *Both male and female employees who know that the*
22 *company they work for is committed to gender diversity are more*
23 *committed to the company and plan to stay with the company for a*
24 *longer period.*

25 (7) *Women are severely underrepresented in executive-level*
26 *managerial positions and positions that lead directly into future*
27 *roles as a CEO or member of a board of directors, and instead*
28 *have greater representation in positions that are less likely to lead*
29 *to such positions. Data shows that among Fortune 500 companies,*
30 *women hold only 22.5 percent of board seats.*

31 (i) *Research suggests that having women in corporate*
32 *leadership positions improves firm performance, and companies*
33 *with more women in senior positions have a higher return on*
34 *assets and higher revenue from new products and services. It is*
35 *much more likely for companies that have women comprise more*
36 *than 30 percent of their executive teams to outperform companies*
37 *that have executive teams comprised of a lower percentage of*
38 *women.*

39 (j) *Some companies have recently indicated their preference*
40 *not to work with other companies that do not have a diverse board*
41 *of directors.*

42 (k) *Data from the period between 2014 to 2016 shows that*
43 *almost one-half of the companies with the 75 largest initial public*
44 *offerings went public without having any women on their boards*
45 *of directors. If measures are not taken to proactively increase the*



1 *number of women serving on corporate boards of directors,*
2 *studies have shown that it will take several decades to achieve*
3 *gender parity among directors.*

4 *(l) Having more women serve on boards of directors of*
5 *publicly traded corporations will boost the economy of this State,*
6 *improve opportunities for women in the workplace and protect*
7 *taxpayers, shareholders and retirees in this State, including,*
8 *without limitation, retired state employees and teachers whose*
9 *pensions are managed by the Public Employees' Retirement*
10 *System.*

11 *2. Therefore, the Legislature urges any publicly traded*
12 *domestic or foreign corporation whose principal executive offices,*
13 *according to the corporation's Form 10-K or its equivalent filed*
14 *with the Securities and Exchange Commission, are located in this*
15 *State to include a higher number of qualified women on its board*
16 *of directors.*

17 **Sec. 3.** *1. Not later than December 31, 2021, and annually*
18 *thereafter, a corporation shall submit to the Secretary of State a*
19 *report indicating the total number of persons who serve on its*
20 *board of directors and the number of those board members who*
21 *are female.*

22 *2. The Secretary of State shall make available on the Internet*
23 *website of the Office of the Secretary of State the information*
24 *submitted pursuant to subsection 1 in such a manner that the*
25 *information may be searched electronically by the name of the*
26 *corporation that submitted the information.*

27 *3. The Secretary of State shall annually compile the*
28 *information submitted pursuant to subsection 1 during the*
29 *immediately preceding year into a report and submit the report to*
30 *the Governor and to the Director of the Legislative Counsel*
31 *Bureau for transmittal to the Legislature or, if the Legislature is*
32 *not in session, to the Legislative Commission.*

33 *4. The Secretary of State may adopt such regulations as he or*
34 *she determines to be necessary or advisable to carry out the*
35 *provisions of this section.*

36 *5. As used in this section, "corporation" means a corporation*
37 *that:*

38 *(a) Has its principal executive offices located in this State; and*

39 *(b) Employs 500 or more people.*

40 **Sec. 4.** Chapter 612 of NRS is hereby amended by adding
41 thereto a new section to read as follows:

42 *1. On or before January 31 of each year, the Division shall*
43 *submit to the Commission the following information for each*
44 *employer who had one or more employees receive benefits during*
45 *the previous calendar year:*



1 (a) *The identity of the employer; and*
2 (b) *The total number of employees who received benefits and,*
3 *for each employee:*

4 (1) *The total wages received by the employee during that*
5 *year; and*

6 (2) *The race, color, sex, sexual orientation, gender identity*
7 *or expression, age, disability, religion and national origin of the*
8 *employee, to the extent such information is made available to the*
9 *Division.*

10 2. *To the extent of available funding, the Commission shall:*

11 (a) *Review the information received from the Division*
12 *pursuant to subsection 1 for each employer and make an initial*
13 *determination as to whether the information appears to indicate*
14 *that the employer might be engaging in unlawful employment*
15 *practices with regard to the wages of its employees or the*
16 *employer's pattern of terminating employees, including, without*
17 *limitation, because of a disparity between the number of female*
18 *and male employees who received unemployment benefits or a*
19 *disparity in the average total wages received by female and male*
20 *employees;*

21 (b) *If the Commission makes an initial determination pursuant*
22 *to paragraph (a) that an employer might be engaging in an*
23 *unlawful employment practice, investigate the employer to*
24 *determine whether the employer is actually engaging in an*
25 *unlawful employment practice; and*

26 (c) *If the Commission determines pursuant to paragraph (b)*
27 *that an employer is actually engaging in an unlawful employment*
28 *practice:*

29 (1) *Notify the employer and all affected employees of the*
30 *employer of the determination made by the Commission;*

31 (2) *Include in the notice provided to the employer a*
32 *warning to the employer to cease engaging in the unlawful*
33 *employment practice; and*

34 (3) *Provide all affected employees with information*
35 *concerning the process for filing a complaint with the Commission*
36 *regarding the unemployment practice.*

37 3. *As used in this section:*

38 (a) *"Commission" means the Nevada Equal Rights*
39 *Commission.*

40 (b) *"Disability" has the meaning ascribed to it in*
41 *NRS 233.020.*

42 (c) *"Gender identity or expression" has the meaning ascribed*
43 *to it in NRS 233.020.*



1 (d) *“Sexual orientation” has the meaning ascribed to it in*
2 *NRS 233.020.*

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