

California Legislature Passes Law Requiring Owners Of Business To Identify As Women

 Gender bathrooms (Lars Plougmann / Flickr / CC / Cropped)

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California's Democrat-dominated legislature is moving to **require** "gender diversity" on the boards of publicly-held companies, which would have to appoint individuals self-identifying as female.

In May, the California State Senate passed [SB 826](#) on a party-line vote. The bill mandates that by the last day of 2019, California's 445 publicly-held companies must pay a fine unless they have at least one female — defined as “an individual who self-identifies her gender as a woman, without regard to the individual's designated sex at birth.”

By the last day of 2021 — if the bill becomes law — California corporate boards with five or fewer directors must have a quota of at least two self-identifying females. Corporations with six or more board members must have at three least self-identifying females to avoid a fine.

The California Secretary of State would be empowered to set regulations and issue fines equal to the average compensation of a corporation's directors for the first violation, and triple the average compensation for any subsequent violations.

Advancing gender equality quotas for individuals identifying as female has been a hot topic for progressives, who claim that publicly-held corporations have a societal duty to lead the way — and that the law may be a necessary tool to force compliance.

A 2017 report by Board Governance Research [found](#) that 26 percent of the public companies headquartered in California had no self-identifying female board members, while 37 percent had one; 24 percent had two; and 12 percent had three or more. There were more women directors for larger revenue firms than smaller firms.

The Calmatters blog [reported](#) that State Sen. Hannah-Beth Jackson (D-Santa Barbara) and co-sponsor State Sen. President Pro Tem Toni Atkins (D-San Diego) said, “Gender diversity brings a variety of perspectives to the table that can help foster new and innovative ideas.”

Jackson claimed: “It's not only the right thing to do, it's good for a company's bottom line.”

But a study published in the peer-reviewed Public Library of Science PLOS One academic journal, which analyzed published data from 20 peer-reviewed studies on 3097 companies, [found](#) the “overall mean

weighted correlation between percentage of females on corporate boards and firm performance was small and non-significant.”

Critics claim that [SB 826](#) violates the U.S. and California constitutions by requiring companies to discriminate against self-identifying men wanting to serve on corporate boards.

Business attorneys also caution that the way the bill is written could violate corporate law by mandating that companies whose headquarters are in California, but are incorporated in another state, must comply with California sexual diversity laws.

The California Assembly must pass [SB 826](#) by the end of August, and Gov. Brown must sign the legislation, for it become state law.

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