

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

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
17 minorities in the workplace, and foster an environment in
18 Illinois where the business community is representative of our
19 residents. Therefore, it is the intent of the General Assembly
20 to gather more data and study this issue within the State so
21 that effective policy changes may be implemented to eliminate
22 this disparity.

23 (b) As used in this Section:

1 "Annual report" means the report submitted annually to the
2 Secretary of State pursuant to this Act.

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

7 "Minority person" means a person who is a citizen or lawful
8 permanent resident of the United States and who is any of the
9 following races or ethnicities:

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

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

19 (3) Black or African American (a person having origins
20 in any of the black racial groups of Africa). Terms such as
21 "Haitian" or "Negro" can be used in addition to "Black" or
22 "African American".

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

26 (5) Native Hawaiian or Other Pacific Islander (a person

1 having origins in any of the original peoples of Hawaii,
2 Guam, Samoa, or other Pacific Islands).

3 (6) "Publicly held domestic or foreign corporation"
4 means a corporation with outstanding shares listed on a
5 major United States stock exchange.

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

13 (1) Whether the corporation is a publicly held domestic
14 or foreign corporation with its principal executive office
15 located in Illinois.

16 (2) Where the corporation is a publicly held domestic
17 or foreign corporation with its principal executive office
18 located in Illinois, data on specific qualifications,
19 skills, and experience that the corporation considers for
20 its board of directors, nominees for the board of
21 directors, and executive officers.

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

26 (4) Where the corporation is a publicly held domestic

1 or foreign corporation with its principal executive office
2 located in Illinois, whether each member of its board of
3 directors self-identifies as a minority person and, if so,
4 which race or ethnicity to which the member belongs.

5 (5) Where the corporation is a publicly held domestic
6 or foreign corporation with its principal executive office
7 located in Illinois, a description of the corporation's
8 process for identifying and evaluating nominees for the
9 board of directors, including whether and, if so, how
10 demographic diversity is considered.

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

17 (7) Where the corporation is a publicly held domestic
18 or foreign corporation with its principal executive office
19 located in Illinois, a description of the corporation's
20 policies and practices for promoting diversity, equity,
21 and inclusion among its board of directors and executive
22 officers.

23 Information reported under this subsection shall be
24 updated in each annual report filed with the Secretary of State
25 thereafter.

26 (d) Beginning no later than March 1, 2021, and every March

1 1 thereafter, the University of Illinois Systems shall review
2 the information reported and published under subsection (c) and
3 shall publish on its website a report that provides aggregate
4 data on the demographic characteristics of the boards of
5 directors and executive officers of corporations filing an
6 annual report for the preceding year along with an
7 individualized rating for each corporation. The report shall
8 also identify strategies for promoting diversity and inclusion
9 among boards of directors and corporate executive officers.

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

22 (805 ILCS 5/14.05) (from Ch. 32, par. 14.05)

23 Sec. 14.05. Annual report of domestic or foreign
24 corporation. Each domestic corporation organized under any
25 general law or special act of this State authorizing the

1 corporation to issue shares, other than homestead
2 associations, building and loan associations, banks and
3 insurance companies (which includes a syndicate or limited
4 syndicate regulated under Article V 1/2 of the Illinois
5 Insurance Code or member of a group of underwriters regulated
6 under Article V of that Code), and each foreign corporation
7 (except members of a group of underwriters regulated under
8 Article V of the Illinois Insurance Code) authorized to
9 transact business in this State, shall file, within the time
10 prescribed by this Act, an annual report setting forth:

11 (a) The name of the corporation.

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

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

17 (d) The names and respective addresses, including
18 street and number, or rural route number, of its directors
19 and officers.

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

23 (f) A statement of the aggregate number of issued
24 shares, itemized by classes, and series, if any, within a
25 class.

26 (g) A statement, expressed in dollars, of the amount of

1 paid-in capital of the corporation as defined in this Act.

2 (h) Either a statement that (1) all the property of the
3 corporation is located in this State and all of its
4 business is transacted at or from places of business in
5 this State, or the corporation elects to pay the annual
6 franchise tax on the basis of its entire paid-in capital,
7 or (2) a statement, expressed in dollars, of the value of
8 all the property owned by the corporation, wherever
9 located, and the value of the property located within this
10 State, and a statement, expressed in dollars, of the gross
11 amount of business transacted by the corporation and the
12 gross amount thereof transacted by the corporation at or
13 from places of business in this State as of the close of
14 its fiscal year on or immediately preceding the last day of
15 the third month prior to the anniversary month or in the
16 case of a corporation which has established an extended
17 filing month, as of the close of its fiscal year on or
18 immediately preceding the last day of the third month prior
19 to the extended filing month; however, in the case of a
20 domestic corporation that has not completed its first
21 fiscal year, the statement with respect to property owned
22 shall be as of the last day of the third month preceding
23 the anniversary month and the statement with respect to
24 business transacted shall be furnished for the period
25 between the date of incorporation and the last day of the
26 third month preceding the anniversary month. In the case of

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

14 (i) A statement, including the basis therefor, of
15 status as a "minority-owned business" or as a "women-owned
16 business" as those terms are defined in the Business
17 Enterprise for Minorities, Women, and Persons with
18 Disabilities Act.

19 (j) Additional information as may be necessary or
20 appropriate in order to enable the Secretary of State to
21 administer this Act and to verify the proper amount of fees
22 and franchise taxes payable by the corporation.

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

1 (1) For those corporations subject to Section 8.12, a
2 statement providing the information required under Section
3 8.12.

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

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

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.