

1 requirements.

2 13. According to the Secretary of State’s March 1, 2020 report, there are currently 625  
3 corporations that must comply with SB 826. Those corporations must now comply with AB 979 as  
4 well.

5 14. Like SB 826, AB 979 directs the Secretary of State to prepare and publish an annual  
6 report documenting the number of corporations that are in compliance with AB 979, the number of  
7 corporations that moved their headquarters to California or out of California, and the number of  
8 corporations that are no longer publicly held. AB 979 directs the Secretary of State to begin publishing  
9 annual compliance reports on March 1, 2022. It requires these reports to be included with the reports  
10 required by SB 826. Like SB 826, these reports are an important, integral part of ensuring compliance  
11 with AB 979.

12 15. According to the Assembly Appropriations Committee, AB 979 “will result in ongoing  
13 costs in the hundreds of thousands of dollars to gather demographic information and compile a report on  
14 this data on its internet website.”

15 16. The Senate Floor Analysis identified “potential constitutional issues posed by” AB 979.  
16 It described AB 979 as “requiring certain corporations to appoint a certain number of directors who self-  
17 identify as Black, African American, Hispanic, Latino, Asian, Pacific Islander, Native American, Native  
18 Hawaiian or Alaskan Native” and noted that, under the California Constitution, “a statute that draws a  
19 distinction based upon race or ethnicity in this fashion – whether remedial or punitive in intent – is  
20 suspect and only passes constitutional muster if it can meet the strict scrutiny test: that the statute is  
21 narrowly drawn to meet a compelling government interest.” The analysis also stated, “the existence of  
22 general societal discrimination will not ordinarily satisfy the courts.”

23 17. Based on the Secretary of State’s efforts to ensure compliance with SB 826, the Secretary  
24 of State has likely begun or will soon begin gathering demographic information and compiling a report  
25 to comply with AB 979’s March 1, 2022 deadline.

26 18. Also based on the Secretary of State’s efforts to ensure compliance with SB 826, the  
27 Secretary of State has likely begun or will soon begin revising the Corporate Disclosure Statement to  
28 include questions about the race, ethnicity, sexual preferences, and transgender status of directors on