

ASSEMBLY BILL

No. 624

Introduced by Assembly Member Coto

February 21, 2007

An act to add Section 5081 to the Corporations Code, and to add Section 16065 to the Probate Code, relating to private foundations.

LEGISLATIVE COUNSEL'S DIGEST

AB 624, as introduced, Coto. Private foundations: diversity.

Existing law regulates the administration of nonprofit corporations and trusts that are deemed to be private foundations, as defined under federal tax law, and requires these private foundations to distribute their income for each taxable year so as not to subject the private foundation or its property to specified federal tax requirements. Existing law requires these entities to prepare specified annual reports.

This bill would require a private foundation with assets over \$250,000,000 to collect specified ethnic and gender data pertaining to its governance and grantmaking. The bill would require this information to include, but not be limited to, the following: the racial and gender composition of the board of directors or trustees, the number of grants awarded to specified organizations serving ethnic minority communities, and the percentage of grant dollars awarded to specified organizations where 50% or more of the board members are ethnic minorities. The bill would require these private foundations to disclose this information via its Internet Web site, if available, and to include this information in its annual report, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 5081 is added to the Corporations Code,
2 to read:
- 3 5081. (a) Notwithstanding any other provision of law, a
4 corporation, during any period or periods that it is deemed to be
5 a “private foundation” as defined in Section 509 of the Internal
6 Revenue Code, shall collect the following information:
- 7 (1) The racial composition of its board of directors, including
8 the percentage of board members that are African-American,
9 Asian-American, Pacific Islander, Caucasian, Latino, Native
10 American, and Alaskan Native.
- 11 (2) The gender composition of its board of directors, including,
12 the percentage of board members who are male and female.
- 13 (3) The racial composition of the private foundation’s staff,
14 including the percentage of staff members that are
15 African-American, Asian-American, Pacific Islander, Caucasian,
16 Latino, Native American, and Alaskan Native.
- 17 (4) The gender composition of the private foundation’s staff,
18 including, the percentage of staff who are male and female.
- 19 (5) The percentage of business contracts awarded to businesses
20 owned by African-Americans, Asian-Americans, Pacific Islanders,
21 Caucasians, Latinos, Native Americans, and Alaskan Natives.
- 22 (6) The number of grants awarded to organizations serving
23 African-American, Asian-American, Pacific Islander, Caucasian,
24 Latino, Native American, and Alaskan Native communities.
- 25 (7) The percentage of grant dollars awarded to organizations
26 serving African-American, Asian-American, Pacific Islander,
27 Caucasian, Latino, Native American, and Alaskan Native
28 communities.
- 29 (8) The number of grants awarded to organizations where 50
30 percent or more of the board members are ethnic minorities.
- 31 (9) The percentage of grant dollars awarded to organizations
32 where 50 percent or more of the board members are ethnic
33 minorities.
- 34 (10) The number of grants awarded to organizations where 50
35 percent or more of the staff are ethnic minorities.
- 36 (11) The percentage of grant dollars awarded to organizations
37 where 50 percent or more of the staff are ethnic minorities.

1 (b) The information collected pursuant to subdivision (a) shall
2 be posted on the private foundation’s Internet Web site, if available,
3 and included in its annual report in a section labeled
4 “DIVERSITY.”

5 (c) This section shall only apply to private foundations with
6 assets over two hundred fifty million dollars (\$250,000,000).

7 (d) For purposes of this section, “organization” means an
8 organization described in Section 501(c)(3) of the Internal Revenue
9 Code.

10 SEC. 2. Section 16065 is added to the Probate Code, to read:

11 16065. (a) Notwithstanding any other provision of law, a trust,
12 during any period or periods that it is deemed to be a “private
13 foundation” as defined in Section 509 of the Internal Revenue
14 Code, shall collect the following information:

15 (1) The racial composition of its board of trustees or directors,
16 including the percentage of board members that are
17 African-American, Asian-American, Pacific Islander, Caucasian,
18 Latino, Native American, and Alaskan Native.

19 (2) The gender composition of its board of trustees or directors,
20 including, the percentage who are male and female.

21 (3) The racial composition of the charitable trust or private
22 foundation’s staff, including the percentage of staff members that
23 are African-American, Asian-American, Pacific Islander,
24 Caucasian, Latino, Native American, and Alaskan Native.

25 (4) The gender composition of the charitable trust or private
26 foundation’s staff, including, the percentage who are male and
27 female.

28 (5) The percentage of business contracts awarded to businesses
29 owned by African-Americans, Asian-Americans, Pacific Islanders,
30 Caucasians, Latinos, Native Americans, and Alaskan Natives.

31 (6) The number of grants awarded to organizations serving
32 African-American, Asian-American, Pacific Islander, Caucasian,
33 Latino, Native American, and Alaskan Native communities.

34 (7) The percentage of grant dollars awarded to organizations
35 serving African-American, Asian-American, Pacific Islander,
36 Caucasian, Latino, Native American, and Alaskan Native
37 communities.

38 (8) The number of grants awarded to organizations where 50
39 percent or more of the board members are ethnic minorities.

1 (9) The percentage of grant dollars awarded to organizations
2 where 50 percent or more of the board members are ethnic
3 minorities.

4 (10) The number of grants awarded to organizations where 50
5 percent or more of the staff are ethnic minorities.

6 (11) The percentage of grant dollars awarded to organizations
7 where 50 percent or more of the staff are ethnic minorities.

8 (b) The information collected pursuant to subdivision (a) shall
9 be posted on the private foundation's Internet Web site, if available,
10 and included in its annual report in a section labeled
11 "DIVERSITY."

12 (c) This section shall only apply to private foundations with
13 assets over two hundred fifty million dollars (\$250,000,000).

14 (d) For purposes of this section, "organization" means an
15 organization described in Section 501(c)(3) of the Internal Revenue
16 Code.