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# A BILL FOR AN ACT

RELATING TO INGENUITY CORPORATION CHARTER.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. The Hawaii Revised Statutes is amended by  
2 adding a new chapter to be appropriately designated and to read  
3 as follows:

4 "CHAPTER

5 HAWAII INGENUITY CORPORATION CHARTER

6 § -1 The legislature finds and declares that:

- 7 (1) It is an essential function of government to enhance  
8 and protect the quality of public education for Hawaii  
9 residents;
- 10 (2) Inventors and other creators of intellectual property  
11 are an important engine of economic growth;
- 12 (3) Intellectual property is one of the only remaining  
13 sources of competitive advantage in the global  
14 economy;
- 15 (4) Teaching innovation techniques in our schools is a  
16 wise investment in the State's future prosperity;
- 17 (5) Hawaii needs to attract inventors to protect and  
18 develop its economy. Protecting labor and



1 environmental standards in Hawaii depends upon  
2 increasing or at least maintaining labor and  
3 environmental standards nationally and globally;

4 (6) Whether working independently or employed by  
5 corporations, the vast majority of inventors do not  
6 have the collective representation, institutional  
7 strength, or financial resources necessary to exercise  
8 and enforce their property rights; and

9 (7) Hawaii has the opportunity to become a center for  
10 protecting the fruits of American ingenuity so that  
11 inventors can fully exercise their constitutional  
12 intellectual property rights and, in turn, these  
13 rights can be used to forge an anchor for good jobs in  
14 a manner that enhances labor and environmental  
15 practices nationally and internationally.

16 § -2 **Short title.** This chapter may be referred to as the  
17 Hawaii ingenuity corporation charter. For the purposes of this  
18 chapter, "corporation" means the Hawaii ingenuity corporation.

19 § -3 **Definitions.** As used in this chapter, unless it  
20 otherwise clearly appears from the context:

21 "Board" means the board of directors of the corporation.

22 "Corporation" means the Hawaii ingenuity corporation.



1           § -4 **Establishment; purpose.** (a) There is established  
2 the Hawaii ingenuity corporation, which shall be a private, for  
3 profit, non-stock, membership corporation created by the State  
4 to:

- 5           (1) Hold and use intellectual and other property;
- 6           (2) Create benefits for inventors nationally, labor unions  
7           nationally, and public education in Hawaii to promote  
8           the teaching of innovation and its application for the  
9           common good;
- 10          (3) Create and maintain businesses operating at  
11           International Labor Organization work standards and  
12           United Nations environmental standards, providing  
13           innovation education, employment opportunities, and  
14           economic development for Hawaii;
- 15          (4) Raise global labor and environmental standards and  
16           build Hawaii's role as an inventor-friendly state;
- 17          (5) Engage in any lawful business that operates upon  
18           International Labor Organization labor and United  
19           Nations environmental standards and sell, lease, or  
20           license goods and services only to business entities  
21           meeting International Labor Organization labor  
22           standards and United Nations environmental standards;



1           (6) Enable inventors, labor unions, the American Ingenuity  
2           Alliance, and public educators to create a business  
3           entity that owns and licenses intellectual and other  
4           property;

5           (7) Attract inventors to Hawaii;

6           (8) Enable the corporation to negotiate with other  
7           corporations on behalf of all the constituency groups  
8           on issues of licensing intellectual property, labor,  
9           and environmental standards; and

10          (9) Permit the corporation to collectively bargain and  
11          declare that exercising such power on behalf of  
12          inventors and labor organizations is an exception to  
13          all state anti-trust and anti-competitive practice  
14          rules.

15          (b) This chapter shall not supersede any existing labor  
16          laws of the State. If there is any conflict between the two,  
17          the labor law shall prevail.

18          (c) Contribution, allocation, or distribution by the  
19          corporation of its property or assets to any nonprofit  
20          institution shall be deductible from the corporation's income to  
21          the same extent as it would from the income of any other for-  
22          profit company.



1           **§ -5 General powers of the corporation.** The corporation  
2 shall have the power to do any lawful acts or things reasonably  
3 necessary or desirable for carrying out the above-stated  
4 purposes and for protecting the lawful rights and interests of  
5 its members in connection therewith.

6           **§ -6 Disposition of assets.** Upon its dissolution, assets  
7 may be allocated amongst the members pro rata, with one-third  
8 going to inventor members as a group; one-third to union members  
9 as a group, and the remaining one-third to be divided equally  
10 between the Hawaii State Teachers' Association and the  
11 University of Hawaii Professional Assembly for allocation by  
12 them to programs teaching innovation.

13           **§ -7 Duration.** This corporate charter is perpetual  
14 unless rescinded by a two-thirds vote of both houses of the  
15 legislature.

16           **§ -8 Membership classes and qualifications.** (a) There  
17 shall be five classes of corporation members:

- 18           (1) Educator members;
- 19           (2) Inventor members;
- 20           (3) Labor union members;
- 21           (4) Investor members; and
- 22           (5) A managing member - the American Ingenuity Alliance.



- 1 (b) Qualifications for class membership are as follows:
- 2 (1) There shall be two educator members:
- 3 (A) The Hawaii State Teachers' Association; and
- 4 (B) The University of Hawaii Professional Assembly;
- 5 (2) An inventor member is any person who licenses to the
- 6 corporation any intellectual property on which the
- 7 person holds a patent, trademark, trade name, or
- 8 copyright;
- 9 (3) A labor union member is a member of any labor
- 10 organization (as defined by United States or Hawaii
- 11 law) that enters into a contract with the corporation
- 12 and one or more inventor members for their mutual
- 13 benefit, including any local, state, regional,
- 14 national, or amalgamated body;
- 15 (4) An investor member is any person or entity that
- 16 invests real, tangible, or intangible assets in the
- 17 corporation, other than intellectual property, by
- 18 contracting with the corporation; and
- 19 (5) A managing member is a Hawaii non-profit corporation,
- 20 determined by the legislature to have the ability and
- 21 resources to bring together all the corporation member
- 22 classes to carry out the purposes of this chapter.



1           The initial managing member shall be the American  
2           Ingenuity Alliance. The legislature hereby determines  
3           that the American Ingenuity Alliance has the ability  
4           and resources to bring together all the corporation  
5           member classes to carry out the purposes of the  
6           corporation.

7           **§ -9 Rights and obligations of member classes.** (a) The  
8 two educator members shall:

9           (1) Each appoint one member of the board. The appointment  
10           process for each position shall be determined by each  
11           respective organization;

12           (2) Be entitled to a one-third share of the profits  
13           derived from inventor/labor union contracts managed by  
14           the corporation after expenses incurred by the  
15           corporation, including managing member and corporation  
16           management fees, costs, and investor return payments,  
17           which share shall be divided equally between the two  
18           educator members;

19           (3) Have the fiduciary obligation to oversee the  
20           disbursement of the one-third share of the  
21           corporation's profits allocated to the education



- 1 members, which funds shall be used to promote teaching  
2 and learning innovation for the common good; and
- 3 (4) Have memberships that shall only expire by act of the  
4 legislature.
- 5 (b) Inventor members shall:
- 6 (1) Have no voting rights in the corporation, other than  
7 those granted by the Professional Inventors Alliance  
8 or the Living Inventors Hall of Fame;
- 9 (2) Be represented on the board by three inventor members.  
10 The Professional Inventors Alliance and the Living  
11 Inventors Hall of Fame shall each appoint one member  
12 to serve a term as a director of the board. The  
13 American Ingenuity Alliance shall appoint one member.  
14 The appointment process for each position shall be  
15 determined by each organization, respectively;
- 16 (3) Not include the Professional Inventors Alliance nor  
17 the Living Inventors Hall of Fame;
- 18 (4) Enter into one or more contracts with and managed by  
19 the corporation;
- 20 (5) Be entitled to a one-third share of the profits  
21 derived from contracts after expenses incurred by the  
22 corporation, including managing member and corporation





1 management fees, costs, and investor return payments;

2 and

3 (6) Have membership that shall expire at the termination  
4 of a member's contract. If a member is engaged in  
5 several contracts, the membership shall expire at the  
6 end of the last contract.

7 (c) Labor union members shall:

8 (1) Have no voting rights in the corporation, other than  
9 those granted by the American Federation of Labor  
10 Congress of Industrial Organizations or the Change to  
11 Win Coalition;

12 (2) Be represented on the board by three labor union  
13 members. The American Federation of Labor Congress of  
14 Industrial Organizations and the Change to Win  
15 Coalition shall each appoint one member to serve on  
16 the board. The American Ingenuity Alliance shall  
17 appoint one member;

18 (3) Not include the American Federation of Labor Congress  
19 of Industrial Organizations or the Change to Win  
20 Coalition;

21 (4) Enter into one or more contracts with and managed by  
22 the corporation;



- 1 (5) Be entitled to a one-third share of the profits  
2 derived from contracts after expenses incurred by the  
3 corporation, including managing member and corporation  
4 management fees, costs, and investor return payments;  
5 and
- 6 (6) Have membership that shall expire at the termination  
7 of a member's contract. If a member is engaged in  
8 several contracts, membership shall expire at the end  
9 of the last member contract.
- 10 (d) Investor members shall:
- 11 (1) Have no voting rights in the corporation;
- 12 (2) Enter into one or more contracts with and managed by  
13 the corporation to provide capital for the corporation  
14 or any of its members;
- 15 (3) Be entitled to investor return payments enumerated in  
16 a member contract in exchange for investing capital in  
17 the corporation or any of its members' contracts.  
18 Investor return payments shall be paid out of contract  
19 returns after management fees and costs and before  
20 calculating profits to be allocated to the inventor,  
21 labor union, and educator members; and



- 1 (4) Have membership that shall expire at the termination  
2 of a member's contract. If a member is engaged in  
3 several contracts, the membership shall expire at the  
4 end of the last member contract.
- 5 (e) Managing members shall:
- 6 (1) Appoint three members to the board of directors:
- 7 (A) A representative of a labor organization;
- 8 (B) An inventor or representative of an inventor's  
9 organization; and
- 10 (C) A representative of the American Ingenuity  
11 Alliance, who shall serve as the board chair;
- 12 (2) Be removed and replaced by a majority vote of both  
13 houses of the legislature;
- 14 (2) Seek and find members and opportunities for members to  
15 contract with one another; and
- 16 (3) Interpret the meaning of the corporation contracts  
17 when there is any dispute between members who are  
18 engaged in a member contract. Appeal from any  
19 interpretation may be made to the entire board of  
20 directors. The directors may overturn the managing  
21 member's decision by a majority of the votes of the  
22 board of directors.



1           § -10 **Membership meetings.** (a) There shall be an annual  
2 membership meeting held on the second Wednesday in March, or at  
3 any other time determined by the board of directors, so long as  
4 one is held approximately every twelve months.

5           (b) Members shall receive notice not less than ten, nor  
6 more than ninety, days in advance of the meeting by any means  
7 that provides a written record.

8           (c) The board of directors shall create the means to  
9 permit members to participate from a distance by electronic or  
10 other means.

11           (d) The chair of the board of directors and the chief  
12 executive officer shall present an annual report to the members  
13 on the corporation's affairs, including a financial report and  
14 description of the number and nature of the board's member  
15 contracts, including a description of how they meet the board's  
16 purposes.

17           (e) Special meetings of the members may be called by the  
18 chair of the board of directors or three directors at any time  
19 or shall be called by the chair of the board of directors upon a  
20 petition signed by at least fifty per cent of any class of  
21 members or twenty five per cent of all members.



1           § -11 **Member's right to sue.** Members shall have the  
2 right to sue the board of directors for failure to conduct the  
3 business for charter purposes or in the best interests of the  
4 members. The right to sue, however, shall only be available  
5 after the member has first exhausted an internal appeal process  
6 created by the board of directors and overseen by a neutral  
7 outside party; provided that the board of directors has created  
8 this process. The Hawaii courts shall give the deference to  
9 this internal process that they would give any state agency  
10 administrative tribunal.

11           § -12 **The board of directors.** (a) There shall be nine  
12 board of director members chosen by various constituencies  
13 pursuant to this chapter. The directors shall be appointed in  
14 the following numbers by the following organizations:

- 15           (1) One member by the Hawaii State Teachers' Association;  
16           (2) One member by the University of Hawaii Professional  
17           Assembly;  
18           (3) One member by the American Federation of Labor  
19           Congress of Industrial Organizations;  
20           (4) One member by the Change to Win Coalition;  
21           (5) One member by the Professional Inventors Alliance;



1 (6) One member by the members of the Living Inventors Hall  
2 of Fame; and

3 (7) Three members by the American Ingenuity Alliance, of  
4 which:

5 (A) One member shall represent a labor organization;

6 (B) One member shall be an inventor or represent an  
7 inventor's organization; and

8 (C) One member shall represent the American Ingenuity  
9 Alliance, who shall serve as the chair of the  
10 board of directors.

11 § -13 Terms of office. (a) Each director shall be  
12 appointed for a term of five years by the director's  
13 constituency as provided in this chapter. Except that, to  
14 stagger the board terms, the initial terms shall be as follows:

15 (1) For two-year terms: the directors appointed  
16 respectively by the Hawaii State Teacher's Association  
17 and the Change to Win Coalition;

18 (2) For three-year terms: the directors appointed  
19 respectively by the Professional Inventors Alliance,  
20 American Federation of Labor Congress of Industrial  
21 Organizations, and the University of Hawaii  
22 Professional Assembly;

1 (3) For four-year terms: the director appointed by the  
2 Living Inventors Hall of Fame; and

3 (4) For five-year terms: the directors appointed by the  
4 American Ingenuity Alliance.

5 (b) A director of the board may be recalled at any time  
6 without cause by formal action by the body appointing the  
7 director and replaced by another director to serve out the  
8 remainder of the former director's term. A director may serve  
9 any number of terms and may be removed from office for cause by  
10 a vote of a majority of the remaining directors then in office.

11 **§ -14 Duties of the board of directors.** (a) The board  
12 of directors shall:

13 (1) Elect all other officers, including a president/chief  
14 executive officer, a secretary, a treasurer, and one  
15 or more vice-presidents. These officers may but need  
16 not be directors. Staff officers shall be elected  
17 each year at the board of director's annual meeting;

18 (2) Hire, fire, evaluate, and determine compensation for  
19 the chief executive officer;

20 (3) Determine policy for the corporation;

21 (4) Review corporation member contracts to ensure that  
22 they comply with the corporation's purpose, which may



- 1 include creating criteria for contract evaluation and  
2 delegation of the contract review function to staff;
- 3 (5) Hold an annual membership meeting;
- 4 (6) Operate the corporation to fulfill the purposes of  
5 this charter and serve as fiduciaries in the best  
6 interests of all the members; and
- 7 (7) Create and amend the corporation's bylaws to further  
8 the purposes of this charter.

9 § -15 **Board meetings.** (a) The board shall meet monthly,  
10 on the second Tuesday of the month, unless rescheduled by the  
11 chair of the board.

12 (b) Meetings may be held in any location convenient to the  
13 board of directors or in multiple locations. Directors may  
14 participate in the meeting by any electronic or other method  
15 that allows each director to speak, hear, and be heard by all  
16 the others.

17 (c) Notice of regular board of directors meetings shall be  
18 sent no less than seventy-two hours and no more than thirty days  
19 before a meeting. Notice of meetings may be given by any medium  
20 that produces a written record.

21 (d) Notice of any meeting may be waived by directors if a  
22 waiver is signed before, at, or after a meeting.





1 (e) Unanimous board of directors action may be taken  
2 without a meeting; provided that all directors sign the  
3 resolution noting their agreement.

4 (f) Notice of special board of directors meetings shall be  
5 sent no less than twenty-four hours and no more than thirty days  
6 before a meeting. Notice of meetings may be given by any medium  
7 that produces a written record.

8 (g) Special meetings of the board of directors may be  
9 called at any time by the chair, or by a notice signed by three  
10 directors.

11 (h) Special meetings of the board of directors or  
12 corporation members shall be called by the chair upon a petition  
13 signed by at least twenty per cent of any class of members or  
14 ten per cent of all members.

15 § -16 **Board member compensation.** The board of directors  
16 shall not be paid more than the average annual compensation for  
17 the members of University of Hawaii Professional Assembly, plus  
18 actual expenses incurred in carrying out the member's duties.

19 § -17 **Executive committee.** The board of directors may  
20 delegate its duties to an executive committee made up of its  
21 officers. The executive committee may also act on behalf of the  
22 board of directors when action is needed between meetings,



1 subject to authorization or rescission at the following board of  
2 directors meeting.

3       **§ -18 Officers.** (a) The officers of the board shall be  
4 elected by the board at its annual meeting. The chief executive  
5 officer may be hired on a contract exceeding one year if the  
6 board of directors so chooses.

7       (b) The chief executive officer shall ensure that the  
8 corporation's management shall charge no more than reasonable  
9 fees and costs to the corporation and member contracts. The  
10 fees and costs shall be disclosed timely to contracting members.  
11 The chief executive officer shall provide the monthly reports to  
12 the board of directors and annual reports to the members and  
13 shall have the authority to hire staff and consultants as  
14 necessary to carry out the purpose and business of the  
15 corporation.

16       The chief executive officer shall organize transactions in  
17 which one or more members contract with outside parties for the  
18 mutual benefit of the contracting members and manage the  
19 business and assets of the corporation in the interest of all  
20 members. The chief executive officer shall negotiate and  
21 administer contracts on behalf of members.



1           The chief executive officer shall also prepare an annual  
2 report on the corporation to the legislature. The board of  
3 directors and the treasurer shall review the report. The chief  
4 executive officer and the treasurer shall sign a statement  
5 taking fiduciary responsibility for the veracity of the  
6 statements in the annual report to the legislature.

7           (c) The board shall designate a first vice-president to  
8 take over the duties of the president whenever the president is  
9 unavailable to chair a meeting or is otherwise incapacitated or  
10 unreachable. The board may designate other vice-presidents with  
11 whatever duties the board chooses to assign.

12           (d) The secretary shall maintain all books and records of  
13 the corporation and shall be responsible for all required legal  
14 filings. The secretary or the president shall have the  
15 authority to sign contracts on behalf of the corporation. The  
16 secretary shall maintain accurate records of the current  
17 membership status of all current and past members. The  
18 secretary shall maintain records of the board members' staggered  
19 terms of office and provide notice to the board of directors  
20 ninety days before each annual meeting of the board member terms  
21 that shall expire at that annual meeting.



1           (e) The treasurer shall maintain and oversee the financial  
2 records of the corporation. The treasurer shall make a  
3 financial report at every regular meeting of the board of  
4 directors and at the membership annual meeting. The treasurer  
5 shall prepare the financial report included in the annual report  
6 to the legislature.

7           § **-19 Amendments.** Amendments to this charter shall only  
8 be made by an Act of the legislature. However, the board of  
9 directors may create and amend bylaws to further elaborate the  
10 corporation's corporate structure and processes, so long as the  
11 bylaws do not conflict with the charter's purposes."

12           SECTION 2. This Act shall take effect on July 1, 2020.



HB 3261  
HD1

**Report Title:**

Hawaii Ingenuity Corporation Charter

**Description:**

Establishes the Hawaii Ingenuity Corporation Charter. (HB3261  
HD1)

