
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 **Definitions.** As used in this chapter, unless it
 17 otherwise clearly appears from the context:

- 18 "Board" means the board of directors of the corporation.
- 19 "Corporation" means the Hawaii ingenuity corporation.

20 § -3 **Establishment; purpose.** (a) There is established
 21 the Hawaii ingenuity corporation, which shall be a private, for

1 profit, non-stock, membership corporation created by the State
2 to:

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



1 entity that owns and licenses intellectual and other
2 property;

3 (7) Attract inventors to Hawaii;

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

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

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

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

21 § -4 **General powers of the corporation.** The corporation
22 shall have the power to do any lawful acts or things reasonably



1 necessary or desirable for carrying out the above-stated
2 purposes and for protecting the lawful rights and interests of
3 its members in connection therewith.

4 § -5 **Disposition of assets.** Upon its dissolution, assets
5 may be allocated amongst the members pro rata, with one-third
6 going to inventor members as a group; one-third to union members
7 as a group, and the remaining one-third to be divided equally
8 between the Hawaii State Teachers' Association and the
9 University of Hawaii Professional Assembly for allocation by
10 them to programs teaching innovation.

11 § -6 **Duration.** This corporate charter is perpetual
12 unless rescinded by a two-thirds vote of both houses of the
13 legislature.

14 § -7 **Membership classes and qualifications.** (a) There
15 shall be five classes of corporation members:

- 16 (1) Educator members;
- 17 (2) Inventor members;
- 18 (3) Labor union members;
- 19 (4) Investor members; and
- 20 (5) A managing member.

21 (b) Qualifications for class membership are as follows:

- 22 (1) There shall be two educator members representing:



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

1 that the American Ingenuity Alliance has the ability
2 and resources to bring together all the corporation
3 member classes to carry out the purposes of the
4 corporation.

5 **§ -8 Rights and obligations of member classes.** (a) The
6 two educator members shall:

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

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

17 (3) Have the fiduciary obligation to oversee the
18 disbursement of the one-third share of the
19 corporation's profits allocated to the educator
20 members, which funds shall be used to promote teaching
21 and learning innovation for the common good; and



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



- 1 (6) 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 contract.
- 5 (c) Labor union members shall:
- 6 (1) Have no voting rights in the corporation, other than
7 those granted by the American Federation of Labor
8 Congress of Industrial Organizations or the Change to
9 Win Coalition;
- 10 (2) Be represented on the board by three labor union
11 members. The American Federation of Labor Congress of
12 Industrial Organizations and the Change to Win
13 Coalition shall each appoint one member to serve on
14 the board. The American Ingenuity Alliance shall
15 appoint one member;
- 16 (3) Not include the American Federation of Labor Congress
17 of Industrial Organizations or the Change to Win
18 Coalition;
- 19 (4) Enter into one or more contracts with and managed by
20 the corporation;
- 21 (5) Be entitled to a one-third share of the profits
22 derived from contracts after expenses incurred by the



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



1 several contracts, the membership shall expire at the
2 end of the last member contract.

3 (e) The managing member shall:

4 (1) Appoint three members to the board of directors:

5 (A) A representative of a labor organization;

6 (B) An inventor or representative of an inventor's
7 organization; and

8 (C) A representative of the managing member, who
9 shall serve as the board chair;

10 (2) Be removed and replaced by a majority vote of both
11 houses of the legislature;

12 (3) Identify and solicit members within the various
13 membership classes and facilitate opportunities for
14 members to contract with one another to further the
15 purposes of the corporation; and

16 (4) 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 § -9 **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 the contracts meet the
16 board's 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 **§ -10 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 **§ -11 Board of directors.** There shall be nine board of
12 director members chosen by various constituencies pursuant to
13 this chapter. The directors shall be appointed in the following
14 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 managing member, of which:

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

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

7 (C) One member shall represent the managing members,
8 who shall serve as the chair of the board of
9 directors.

10 § -12 Terms of office. (a) Each member of the board of
11 directors shall be appointed for a term of five years by the
12 director's constituency as provided in this chapter. To stagger
13 the board terms, the initial terms shall be as follows:

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

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

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 § -13 **Duties of the board of directors.** The board of
12 directors shall:

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

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

21 (3) Determine policy for the corporation;



- 1 (4) Review corporation member contracts to ensure that
2 they comply with the corporation's purpose, which may
3 include creating criteria for contract evaluation and
4 delegation of the contract review function to staff;
- 5 (5) Hold an annual membership meeting;
- 6 (6) Operate the corporation to fulfill the purposes of
7 this charter and serve as fiduciaries in the best
8 interests of all the members; and
- 9 (7) Create and amend the corporation's bylaws to further
10 the purposes of this charter.

11 § -14 **Board meetings.** (a) The board shall meet monthly,
12 on the second Tuesday of the month, unless rescheduled by the
13 chair of the board.

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

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



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

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

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

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

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

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

21 § -16 **Executive committee.** The board of directors may
22 delegate its duties to an executive committee made up of its



1 officers. The executive committee may also act on behalf of the
2 board of directors when action is needed between meetings,
3 subject to authorization or rescission at the following board of
4 directors meeting.

5 **§ -17 Officers.** (a) The officers of the board shall be
6 elected by the board at its annual meeting. The chief executive
7 officer may be hired on a contract exceeding one year if the
8 board of directors so chooses.

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

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



1 members. The chief executive officer shall negotiate and
2 administer contracts on behalf of members.

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

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

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

1 ninety days before each annual meeting of the board member terms
2 that shall expire at that annual meeting.

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

9 § -18 **Amendments.** Amendments to this charter shall only
10 be made by an Act of the legislature. However, the board of
11 directors may create and amend bylaws to further elaborate the
12 corporation's corporate structure and processes, so long as the
13 bylaws do not conflict with the charter's purposes."

14 SECTION 2. This Act shall take effect on July 1, 2050.



HB 3261, SD2

Report Title:

Hawaii Ingenuity Corporation Charter

Description:

Establishes the Hawaii Ingenuity Corporation Charter. (SD2)

