
A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII RESEARCH.

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

1 SECTION 1. The legislature finds that it is a matter of
2 statewide concern to promote the economic health and
3 diversification of workforce opportunities of the State. The
4 legislature further finds that in this regard, the
5 commercialization of intellectual property created by basic and
6 applied research conducted at the University of Hawaii, the sole
7 public institution of higher education for this State, holds
8 great promise.

9 Through prior legislation, the legislature authorized and
10 provided public funds to support efforts by other state agencies
11 to promote entrepreneurial development, research
12 commercialization, and access to startup investment capital.
13 These efforts include, for example, the HI Growth Initiative,
14 the venture accelerator funding programs, and other projects
15 sponsored by the Hawaii strategic development corporation.

16 Because one of the core functions of the university is
17 conducting basic and applied research, the legislature finds



1 that the university may significantly contribute to the creation
2 of a statewide eco-system of innovation by transforming
3 university-generated research into viable economic enterprises.
4 The university is uniquely able to identify and assist in the
5 creation and growth of innovative public-private business forms
6 that draw upon the active participation of university-affiliated
7 personnel and are based on university research products.

8 The legislature further finds that an impediment to the
9 effective transfer of technology at the university is the lack
10 of clear and express legal authority to frame its innovation
11 initiatives. This lack of express authority creates business
12 uncertainty that deters private interests from engaging in
13 collaborative efforts promoted by the university.

14 The purpose of this Act is to provide express authority to
15 the university to engage in the types of economic promotion
16 activities already conducted by other state agencies, and
17 thereby facilitate the university's contribution of its research
18 products and its affiliated personnel to the economic health and
19 diversification of workforce opportunities in the State.



1 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is
2 amended by adding to part IV a new subpart to be appropriately
3 designated and to read as follows:

4 "INNOVATION AND COMMERCIALIZATION INITIATIVE

5 §304A-A Innovation and commercialization initiative;
6 establishment. There is established within the University of
7 Hawaii an innovation and commercialization initiative program
8 under the direction of the vice president for research and
9 innovation.

10 §304A-B Innovation and commercialization initiative
11 implementation. The university may promote, sponsor, and
12 participate in transforming the products of its research and
13 instructional activities into viable economic enterprises, and
14 may create, finance, and participate in organizations that
15 contribute to economic development and workforce diversification
16 in the State using university research and affiliated university
17 personnel. For the implementation of the innovation and
18 commercialization initiative program, the university may:

19 (1) Adopt internal policies during meetings held pursuant
20 to chapter 92 and management procedures to carry out
21 the purposes of this program;



- 1 (2) Contribute equity, loan funds, or participate directly
2 or indirectly to finance concepts or proposals that
3 are likely to lead to viable businesses, economic
4 development, or workforce opportunities based on
5 university research;
- 6 (3) Enter into contracts and other appropriate
7 arrangements with start-up ventures, including the
8 provision of loans, initial and expansion capital, and
9 other forms of financial assistance;
- 10 (4) Solicit, evaluate, and assist in the preparation,
11 drafting, and refinement of business plans and
12 proposals;
- 13 (5) Provide advice, instruction, training, and technical
14 and marketing assistance, to support and promote the
15 enterprises in which the university invests;
- 16 (6) Coordinate and deliver the university's education,
17 instruction, training, and outreach programs to build
18 and maintain the capacity to sustain these economic
19 enterprises;



- 1 (7) Implement specialized programs designed to encourage
2 the development of new products, businesses, and
3 markets;
- 4 (8) Prepare, publish, and distribute technical studies,
5 reports, bulletins, and other materials consistent
6 with customary standards of university publication,
7 subject to the maintenance and respect for
8 confidentiality of client proprietary information;
- 9 (9) Organize, sponsor, and participate in conferences,
10 workshops, seminars, and other educational activity
11 relating to the formation and financial viability of
12 businesses that use university research products or
13 university affiliated personnel;
- 14 (10) Provide and pay for advisory or consulting services
15 and technical, managerial, and marketing assistance,
16 support, and promotion to carry out the purposes of
17 this subpart;
- 18 (11) Acquire, hold, and sell qualified securities;
- 19 (12) Consent, subject to the provisions of any contract
20 with noteholders or bondholders, whenever the
21 university deems it necessary or desirable in the



1 fulfillment of the purposes of this subpart, to the
2 modification, with respect to rate of interest, time
3 of payment of any installment of principal or
4 interest, or any other terms, of any contract or
5 agreement of any kind to which the university is a
6 party;

7 (13) With the assistance of an appropriate foundation or
8 development entity, accept donations, grants,
9 bequests, and devises of money, property, service, or
10 other things of value that may be received from the
11 United States or any agency thereof, any governmental
12 agency, or any public or private institution, person,
13 firm, or corporation, to be held, used, or applied for
14 any or all of the purposes in support of this program;

15 (14) Invest any funds held in reserves or sinking funds, or
16 any funds not required for immediate disbursement, in
17 such investments as may be lawful for fiduciaries in
18 the State;

19 (15) Acquire real property, or an interest therein, by
20 purchase or foreclosure, where that acquisition is
21 necessary or appropriate to protect or secure any



- 1 investment or loan in which the university has an
2 interest; sell, transfer, and convey the property to a
3 buyer and, if the sale, transfer, or conveyance cannot
4 be effected with reasonable promptness or at a
5 reasonable price, to lease the property;
- 6 (16) Consistent with the purposes of the program, acquire,
7 own, hold, dispose of, and encumber personal property
8 of any nature, or any interest therein, either
9 directly or through intermediate entities formed or
10 established specifically for such purposes;
- 11 (17) Enter into agreements or other transactions with any
12 federal, state, or county agency to implement the
13 purposes of this subpart;
- 14 (18) Contract with others, public or private, for the
15 provision of all or a portion of the services
16 necessary for the management and operation of the
17 program. The university may use all appropriations,
18 grants, contractual reimbursements, and all other
19 funds made available for the purposes of the program
20 to pay for the proper general expenses of the program;



- 1 (19) Appear in its own behalf before state, county, or
- 2 federal agencies on matters relating to this program;
- 3 (20) Establish a risk management program appropriate to the
- 4 activities of this program, which may include, among
- 5 other components, purchase of insurance, participation
- 6 in the State's risk management program, or retention
- 7 and management of risks;
- 8 (21) Appoint advisory committees as deemed necessary;
- 9 provided that any advisory committee established
- 10 pursuant to this section shall not be deemed a "board"
- 11 subject to chapter 92; and
- 12 (22) Exercise any other powers of a corporation organized
- 13 under the laws of the State not inconsistent with the
- 14 purpose and intent of this program.

15 §304A-C University innovation and commercialization
 16 initiative special fund. (a) There is established the
 17 university innovation and commercialization initiative special
 18 fund. The following moneys shall be deposited into the
 19 university innovation and commercialization initiative special
 20 fund and shall not be considered part of the general fund:

- 21 (1) All moneys:



- 1 (A) Appropriated by the legislature;
- 2 (B) Received as repayments of loans;
- 3 (C) Earned on investments;
- 4 (D) Received pursuant to a venture agreement;
- 5 (E) Received as royalties;
- 6 (F) Received as premiums or fees charged by the
- 7 university; or
- 8 (G) Otherwise received by the program.

9 (b) Revenues deposited into this special fund may be

10 expended by the university for all costs and expenses associated

11 with the operation of this program without regard to chapters

12 76, 78, 89, and 102. Revenues not expended as provided in this

13 section may be transferred to other university funds to be

14 expended for the general benefit of the university.

15 §304A-D Confidentiality of trade secrets; disclosure of

16 financial information. Any documents or data made or received

17 by the university under this subpart, to the extent that the

18 material or data consist of trade secrets or confidential

19 commercial or financial information that may be withheld from

20 public disclosure under chapter 92F, shall not be publicly

21 disclosed; provided that, if the university purchases a



1 qualified security, the non-confidential commercial and
2 financial information regarding that security shall be a public
3 record of the university. The board of regents, or any
4 subcommittee of the board, may hold an executive session as
5 provided in section 92-4 to discuss trade secrets or
6 confidential commercial or financial information that may be
7 withheld under chapter 92F.

8 §304A-E Limitation on liability. (a) The university
9 shall not assume or otherwise promise to answer for the debt,
10 contract, or liability of any other person or a private entity.

11 (b) Notwithstanding chapters 661 and 662, or any other law
12 to the contrary, nothing in this subpart shall create an
13 obligation, debt, claim, cause of action, claim for relief,
14 charge, or any other liability of any kind whatsoever in favor
15 of any person or entity, without regard to whether that person
16 or entity receives any benefits under this subpart, against the
17 State or its officers and employees. The State and its officers
18 and employees shall not be liable for the results of any
19 investment, purchase of securities, loan, or other assistance
20 provided pursuant to this subpart. Nothing in this subpart
21 shall be construed as authorizing any claim against the



1 university in excess of any note, loan, or other specific
2 indebtedness incurred by the university or in excess of any
3 insurance policy acquired for the university or its employees.

4 **§304A-F Preservation of governmental immunity; full faith**
5 **and credit.** No contract, agreement, or statement made by the
6 university pursuant to this subpart shall constitute an express
7 or implied waiver by the university of its governmental or
8 sovereign immunity as a public agency of the State, nor shall
9 such contracts, agreements or statements constitute an express
10 or implied acceptance of liabilities in excess of liabilities
11 allowable under applicable governmental immunity laws. No
12 activity conducted by the university or agreement entered into
13 pursuant to this subpart shall be deemed a pledge of the full
14 faith and credit of the State.

15 **§304A-G Cooperation with the University of Hawaii by state**
16 **agencies.** Every state agency may render services to the
17 university upon its request.

18 **§304A-H Construction of subpart.** In the application of
19 other laws of the State to activities conducted pursuant to this
20 subpart, such laws shall be construed and balanced to effect the
21 purpose and intent of this program."



1 SECTION 3. In codifying the new sections added to chapter
2 304A, Hawaii Revised Statutes, by section 2 of this Act, the
3 revisor of statutes shall substitute appropriate section numbers
4 for the letters used in designating the new sections in this
5 Act.

6 SECTION 4. This Act shall take effect on July 1, 2525.



Report Title:

University of Hawaii; Hawaii Innovation Initiative

Description:

Provides express legal authority to enable the University of Hawaii to create, promote, and participate in new economic enterprises that use university research and provide workforce opportunities for affiliated university personnel. (HB2414 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

