
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 diversity
3 workforce opportunities of the State. The legislature further
4 finds that the commercialization of intellectual property
5 created by basic and applied research conducted at the
6 University of Hawaii holds great promise to contribute to
7 economic health and workforce diversification.

8 In the past, the legislature has authorized and provided
9 public funds to support efforts by state agencies to promote
10 entrepreneurial development, research commercialization, and
11 access to startup investment capital. These efforts include,
12 for example, the HI growth initiative, the venture accelerator
13 funding programs, and other projects sponsored by the Hawaii
14 strategic development corporation.

15 Because one of the core functions of the university is
16 conducting basic and applied research, the legislature finds
17 that the university may significantly contribute to the creation
18 of a statewide "eco-system" of innovation by transforming



1 university-generated research into viable economic enterprises.
2 The university is uniquely able to identify and assist in the
3 creation and growth of innovative public-private business forms
4 that draw upon the active participation of university-affiliated
5 personnel and are based on university research products.

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

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

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

21 " . Innovation and Commercialization Initiative



1 §304A- Innovation and commercialization initiative;
2 establishment. There is established within the University of
3 Hawaii an innovation and commercialization initiative program
4 under the direction of the vice president for research and
5 innovation.

6 §304A- Innovation and commercialization initiative;
7 implementation. The university may promote, sponsor, and
8 participate in the transformation of the products of its
9 research and instructional activities into viable economic
10 enterprises, and may create, finance, and participate in
11 organizations that contribute to economic development and
12 workforce diversification of the State using university research
13 and affiliated university personnel. For the implementation of
14 the innovation and commercialization initiative program, the
15 university may:

- 16 (1) Adopt internal policies during meetings held pursuant
17 to chapter 92 and management procedures to carry out
18 the purposes of this program;
- 19 (2) Contribute equity, loan funds, or participate directly
20 or indirectly to finance concepts or proposals that
21 are likely to lead to viable businesses, economic



- 1 development, or workforce opportunities based on
2 university research;
- 3 (3) Enter into contracts and other appropriate
4 arrangements with start-up ventures, including the
5 provision of loans, initial and expansion capital, and
6 other forms of financial assistance;
- 7 (4) Solicit, evaluate, and assist in the preparation,
8 drafting, and refinement of business plans and
9 proposals;
- 10 (5) Provide advice, instruction, training, and technical
11 and marketing assistance, to support and promote the
12 enterprises in which the university invests;
- 13 (6) Coordinate and deliver the university's education,
14 instruction, training and outreach programs to build
15 and maintain the capacity to sustain these economic
16 enterprises;
- 17 (7) Implement specialized programs designed to encourage
18 the development of new products, businesses, and
19 markets;
- 20 (8) Prepare, publish, and distribute technical studies,
21 reports, bulletins, and other materials consistent



- 1 with customary standards of university publication,
2 subject to the maintenance and respect for
3 confidentiality of client proprietary information;
- 4 (9) Organize, sponsor, and participate in conferences,
5 workshops, seminars, and other educational activity
6 relating to the formation and financial viability of
7 businesses that use university research products or
8 university affiliated personnel;
- 9 (10) Provide and pay for advisory or consulting services
10 and technical, managerial, and marketing assistance,
11 support, and promotion to carry out the purposes of
12 this subpart;
- 13 (11) Acquire, hold, and sell qualified securities;
- 14 (12) Consent, subject to the provisions of any contract
15 with noteholders or bondholders, whenever the
16 university deems it necessary or desirable in the
17 fulfillment of the purposes of this subpart, to the
18 modification, with respect to rate of interest, time
19 of payment of any installment of principal or
20 interest, or any other terms, of any contract or



- 1 agreement of any kind to which the university is a
2 party;
- 3 (13) With the assistance of an appropriate foundation or
4 development entity, accept donations, grants,
5 bequests, and devises of money, property, service, or
6 other things of value that may be received from the
7 United States or any agency thereof, any governmental
8 agency, or any public or private institution, person,
9 firm, or corporation, to be held, used, or applied for
10 any or all of the purposes in support of this program;
- 11 (14) Invest any funds held in reserves or sinking funds, or
12 any funds not required for immediate disbursement, in
13 such investments as may be lawful for fiduciaries in
14 the State;
- 15 (15) Acquire real property, or an interest therein, by
16 purchase or foreclosure, where that acquisition is
17 necessary or appropriate to protect or secure any
18 investment or loan in which the university has an
19 interest; sell, transfer, and convey the property to a
20 buyer and, if the sale, transfer, or conveyance cannot



- 1 be effected with reasonable promptness or at a
2 reasonable price, to lease the property;
- 3 (16) Consistent with the purposes of the program, acquire,
4 own, hold, dispose of, and encumber personal property
5 of any nature, or any interest therein, either
6 directly or through intermediate entities formed or
7 established specifically for such purposes;
- 8 (17) Enter into agreements or other transactions with any
9 federal, state, or county agency to implement this
10 subpart;
- 11 (18) Contract with others, public or private, for the
12 provision of all or a portion of the services
13 necessary for the management and operation of the
14 program. The university may use all appropriations,
15 grants, contractual reimbursements, and all other
16 funds made available for the purposes of the program
17 to pay for the proper general expenses of the program;
- 18 (19) Appear on its own behalf before state, county, or
19 federal agencies on matters relating to this program;
- 20 (20) Establish a risk management program appropriate to the
21 activities of this program that may include, among



1 other components, purchase of insurance, participation
2 in the State's risk management program, or retention
3 and management of risks;

4 (21) Appoint advisory committees as deemed necessary;
5 provided that any advisory committee established
6 pursuant to this section shall not be deemed a "board"
7 subject to chapter 92; and

8 (22) Exercise any other powers of a corporation organized
9 under the laws of the State not inconsistent with the
10 purpose and intent of this subpart.

11 §304A- University innovation and commercialization
12 initiative special fund. (a) There is established the
13 university innovation and commercialization initiative special
14 fund into which shall be deposited moneys:

- 15 (1) Appropriated by the legislature;
16 (2) Received as repayments of loans;
17 (3) Earned on investments;
18 (4) Received pursuant to a venture agreement;
19 (5) Received as royalties;
20 (6) Received as premiums or fees charged by the
21 university; and



1 (7) Otherwise received by the program.

2 (b) Revenues deposited into this special fund may be
3 expended by the university for all costs and expenses associated
4 with the operation of this program without regard to chapters
5 76, 78, 89, 102, 103, and 103D. Revenues not expended as
6 provided in this section may be transferred to other university
7 funds to be expended for the general benefit of the university.

8 §304A- Confidentiality of trade secrets; disclosure of
9 financial information. Any documents or data made or received
10 by the university under this subpart, to the extent that the
11 material or data consist of trade secrets or confidential
12 commercial or financial information that may be withheld from
13 public disclosure under chapter 92F, shall not be publicly
14 disclosed; provided that, if the university purchases a
15 qualified security, the non-confidential commercial and
16 financial information regarding that security shall be a public
17 record of the university. The board of regents, or any
18 subcommittee of the board, may hold an executive session as
19 provided in section 92-4 to discuss trade secrets or
20 confidential commercial or financial information that may be
21 withheld under chapter 92F.



1 **§304A- Limitation on liability.** (a) The university
2 shall not assume or otherwise promise to answer for the debt,
3 contract, or liability of any other person or a private entity.

4 (b) Notwithstanding chapters 661 and 662, or any other law
5 to the contrary, nothing in this subpart shall create an
6 obligation, debt, claim, cause of action, claim for relief,
7 charge, or any other liability of any kind whatsoever in favor
8 of any person or entity, without regard to whether that person
9 or entity receives any benefits under this subpart, against the
10 State or its officers and employees. The State and its officers
11 and employees shall not be liable for the results of any
12 investment, purchase of securities, loan, or other assistance
13 provided pursuant to this subpart. Nothing in this subpart
14 shall be construed as authorizing any claim against the
15 university in excess of any note, loan, or other specific
16 indebtedness incurred by the university or in excess of any
17 insurance policy acquired for the university or its employees.

18 **§304A- Preservation of governmental immunity; full faith**
19 **and credit.** No contract, agreement, or statement made by the
20 university pursuant to this subpart shall constitute an express
21 or implied waiver by the university of its governmental or



1 sovereign immunity as a public agency of the State, nor shall
2 such contracts, agreements or statements constitute an express
3 or implied acceptance of liabilities in excess of liabilities
4 allowable under applicable governmental immunity laws. No
5 activity conducted by the university or agreement entered into
6 pursuant to this subpart shall be deemed a pledge of the full
7 faith and credit of the State.

8 **§304A- Cooperation with the University of Hawaii by**
9 **state agencies.** Every state agency may render services to the
10 university upon its request.

11 **§304A- Annual report.** Not later than twenty days prior
12 to the convening of each regular session, the University of
13 Hawaii shall submit an annual report to the legislature
14 concerning:

- 15 (1) All funds deposited into the university innovation and
16 commercialization initiative special fund and a
17 detailed description of the use of those funds; and
18 (2) Coordinated efforts between the innovation and
19 commercialization initiative program and other state
20 agencies, including the high technology development
21 corporation, the Hawaii strategic development



1 corporation, and the Hawaii state energy office to
2 move the State's innovation goals forward, and to more
3 efficiently and effectively utilize resources to
4 achieve these outcomes.

5 §304A- **Construction of subpart.** In the application of
6 other laws of the State to activities conducted pursuant to this
7 subpart, such laws shall be construed and balanced to effect the
8 purpose and intent of this program."

9 SECTION 3. This Act shall take effect on July 1, 2050.



Report Title:

University of Hawaii; Hawaii Innovation and Commercialization Initiative

Description:

Provides express legal authority for 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. Effective 7/1/2050. (SD2)

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

