



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
Thursday, February 5, 2015 at 2:00 pm

by
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HB 975 – RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII

Chair Choy, Vice Chair Ishiyama, and members of the committee:

The University of Hawai'i supports this measure to facilitate the University's ability to structure complex arrangements with private sector organizations to promote the commercialization of research ideas generated on its campuses.

This commercialization (often called "technology transfer") is designed to strengthen economies by getting new ideas, inventions, and processes developed in universities--most often with federal funding support--to the private sector as quickly as possible. Technology transfer occurs throughout the nation at other universities. It is a vital component to the University's efforts in the Hawai'i Innovation Initiative, a partnership with local businesses to diversify the state's economy.

Many other states have conflict of interest laws that hinder timely and efficient commercialization. These laws, for example, may forbid equity participation in startup companies by state institutions, or they may limit direct involvement by faculty in new business ventures, or may broadly prohibit use of public property--such as university equipment, facilities or support personnel--for business purposes.

Several other states have enacted specific exemptions to their ethics laws, or have created some form of "safe harbor" from specific sections of their respective ethics code, or have established parallel institutions for their university researchers exempt from the jurisdiction of their ethics code.

The purpose of this proposal is to facilitate University-driven technology transfer by requiring that whenever the Hawai'i Ethics Commission applies the state Ethics Code to University-supported technology transfer arrangements, the Ethics Commission must consider the overall context and purpose of technology transfer activities, the research compliance programs established by the University, and the specific facts of the arrangement under question. These additional factors would include, for example,

private use thresholds under bond financing covenants, applicable federal regulation and guidelines, federal policy, and specific conflict of interest and financial disclosure policies and requirements established by the University for its faculty.

The proposed amendment would permit technology transfer arrangements where specific benefits to the state or the public are likely to result.



HAWAII STATE ETHICS COMMISSION

State of Hawaii • Bishop Square, 1001 Bishop Street, ASB Tower 970 • Honolulu, Hawaii 96813

February 5, 2015

The Honorable Isaac W. Choy, Chair
The Honorable Linda Ichiyama, Vice Chair
Honorable Members
House Committee on Higher Education
Hawaii State Capitol, Room 327
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **Testimony on H.B. No. 975, Relating to Technology Transfer
at the University of Hawaii**

Hearing: Thursday, February 5, 2015, 2:00 p.m.
State Capitol, Conference Room 309

Testifying: Susan D. Yoza, Associate Director
Hawaii State Ethics Commission

Thank you for the opportunity to testify on H.B. No. 975, Relating to Technology Transfer at the University of Hawaii ("University"). The State Ethics Commission ("Commission") opposes this bill for the reasons stated below.

H.B. No. 975 amends the State Ethics Code, Hawaii Revised Statutes chapter 84, by requiring the Commission to consider the University's research compliance program in rendering advisory opinions concerning "technology transfer" activities conducted by the University. H.B. No. 975 also provides that the Commission may permit technology transfer arrangements so long as the technology transfer arrangements are likely to create "specific benefits" to the State or to the public.

In essence, the University is asking that the Commission be required to consider whether a University employee's activities serve a state or public benefit when determining whether or not the employee's participation in a technology transfer arrangement is prohibited under the State Ethics Code; and if the Commission determines that there is such a benefit, the Commission may permit the employee to engage in such activities.

The Honorable Isaac W. Choy, Chair
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It appears that the University's position is that technology transfer arrangements benefit the State and/or the public. However, the wording of H.B. No. 975 is vague and overly broad. The term "technology transfer activity" is not clearly defined, and it is unclear what criteria would be used to determine whether an activity creates "specific benefits to the State or the public." In addition, it is unclear why the Commission must be "required" under the State Ethics Code to consider the University's research compliance program in determining whether such an activity is consistent with the State Ethics Code. Finally, we question whether H.B. No. 975 is the appropriate or necessary means by which to achieve what the University is asking the Commission to do with respect to technology transfer arrangements.

The Commission understands, however, the University's position that it would like the Commission to be able to consider certain "unique aspects of technology transfer" when applying the State Ethics Code to University-supported technology transfer activities. For this reason, although the Commission opposes this bill in its current form, the Commission will be working with the University to attempt to resolve the aforementioned areas of concerns.

We appreciate the opportunity to testify on H.B. No. 975, Relating to Technology Transfer at the University of Hawaii. We would like to thank this Committee for its consideration of our testimony.



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the Housing Committee on Higher Education
Thursday, February 5, 2015 at 2:00 P.M.
Conference Room 309, State Capitol**

LATE

**RE: HOUSE BILL 975 RELATING TO TECHNOLOGY TRANSFER AT THE
UNIVERSITY OF HAWAII**

Chair Choy, Vice Chair Ichiyama, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **supports** HB 975, which clarifies application of State Ethics Code to technology transfer arrangements supported by the University of Hawaii.

The Chamber is the largest business organization in Hawaii, representing over 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber supports HB 975 as it would help expedite the commercialization of research from the University of Hawaii to provide information that would strengthen the local economy. This bill helps remedy many obstacles that currently exist from broad conflict of interest, fair treatment, and employment restrictions. Clarifying the State Ethics Code would prevent the deterrence of an efficient technology transfer.

Thank you for the opportunity to testify.

ichiyama2-Brandon

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 04, 2015 11:58 AM
To: HEDtestimony
Cc: rwacker@asbhawaii.com
Subject: Submitted testimony for HB975 on Feb 5, 2015 14:00PM

HB975

Submitted on: 2/4/2015

Testimony for HED on Feb 5, 2015 14:00PM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Wacker	Individual	Support	No

Comments: I strongly support HB975 and the efforts of the University of Hawaii to increase the engagement of researchers and faculty with the business community for the purpose of promoting the innovation sectors of the Hawaii economy. Actively promoting the transfer of UH research and technology to the business sector is one of the best ways UH can foster economic growth, diversification of our economy, and diversification of the type of jobs available for our children. The University has many strong and vibrant research programs that have potential to stimulate real commercializable innovations. We must create an environment and work rules that encourages the connection of the researchers and faculty to the business community so that the potential innovations can be realized. The changes proposed in HB975 are a very important part of that effort by eliminating real impediments and hurdles to that goal. The proposal is consistent with practices adopted by other communities where university research has stimulated significant economic growth and broad job creation. It will help Hawaii to maximize the value to our broader community of the excellent research assets at the University of Hawaii. Improving our technology promotion and transfer can make UH's research expertise become more of a magnet to attract companies to Hawaii, more of a partner to Hawaii's businesses for future growth, and more of a positive contributor to a healthy Hawaii innovation ecosystem. Please support this legislation.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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