

THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015

COMMITTEE ON HIGHER EDUCATION AND THE ARTS

Senator Brian T. Taniguchi, Chair
Senator Lorraine R. Inouye, Vice Chair

NOTICE OF HEARING

DATE: Tuesday, February 03, 2015
TIME: 1:30 PM
PLACE: Conference Room 224
State Capitol
415 South Beretania Street

A G E N D A

<u>SB 325</u> <u>Status & Testimony</u>	RELATING TO THE UNIVERSITY OF HAWAII. Appropriates funds to the University of Hawaii to pay student employees at new or expanded worksites on each campus.	HEA, WAM
<u>SB 326</u> <u>Status & Testimony</u>	RELATING TO THE UNIVERSITY OF HAWAII. Appropriates moneys to SEED at the University of Hawaii to fund faculty, graduate assistant, and student employee (2.5 FTE) positions to conduct and disseminate research relating to Asian American and Pacific Islander students in higher education, and to provide direct services to undergraduate and graduate students interested in diversity careers relating to student affairs and higher education.	HEA, WAM
<u>SB 327</u> <u>Status & Testimony</u>	RELATING TO THE UNIVERSITY OF HAWAII. Appropriates \$225,000 in general funds for 4.0 FTE positions for the UH Pamantasan Council to promote access and diversity.	HEA, WAM
<u>SB 987</u> <u>Status & Testimony</u>	RELATING TO POST-SECONDARY EDUCATION. Clarifies that under the Hawaii Post-Secondary Education Authorization Program, institutions may request an administrative hearing pursuant to chapter 91, HRS, for proceedings concerning denials, suspensions, or terminations.	HEA, JDL
<u>SB 160</u> <u>Status & Testimony</u>	RELATING TO UNIVERSITY OF HAWAII NON-GENERAL FUNDS. Implements certain recommendations of the Auditor concerning University of Hawaii non-general funds.	HEA, WAM
<u>SB 1144</u> <u>Status & Testimony</u>	RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII. Clarifies application of State Ethics Code to technology transfer arrangements supported by the University of Hawaii.	HEA, JDL
<u>SB 1146</u> <u>Status & Testimony</u>	RELATING TO THE UNIVERSITY OF HAWAII ACCOUNTING AND FINANCIAL MANAGEMENT SYSTEM. Amends the sunset provisions, with respect to the University of Hawaii, under sections 40-1, 40-2, 40-4, 40-6, 40-58, and 40-81, Hawaii Revised Statutes.	HEA, WAM

Decision Making to follow, if time permits.

Click [here](#) to submit testimony to the Senate Committee on Higher Education and the Arts.

SB 1144

Testimony -

Measure Title: RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII.

Report Title: State Ethics Code; University of Hawaii

Description: Clarifies application of State Ethics Code to technology transfer arrangements supported by the University of Hawaii.

Companion: HB975

Package: Governor

Current Referral: HEA, JDL

Introducer(s): KIM (Introduced by request of another party)



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Higher Education and the Arts
Tuesday, February 3, 2015 at 1:30 pm
by
Vassilis L. Syrmos
Vice President for Research and Innovation
University of Hawaii

SB 1144 – RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII

Chair Taniguchi, Vice Chair Inouye, and members of the committee:

The University of Hawaii 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 Hawaii 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 Hawaii 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 3, 2015

The Honorable Brian T. Taniguchi, Chair
The Honorable Lorraine R. Inouye, Vice Chair
Honorable Members
Senate Committee on Higher Education and the Arts
Hawaii State Capitol, Room 224
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **Testimony on SB No. 1144, Relating to Technology Transfer
at the University of Hawaii**

Hearing: Tuesday, February 3, 2015, 1:30 p.m.
State Capitol, Conference Room 224

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

Thank you for the opportunity to testify on S.B. No. 1144, Relating to Technology Transfer at the University of Hawaii ("University"). The State Ethics Commission ("Commission") opposes this bill for the reasons stated below.

S.B. No. 1144 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. S.B. No. 1144 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 Brian T. Taniguchi, 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 S.B. No. 1144 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 S.B. No. 1144 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 is willing to work with the University to attempt to resolve the aforementioned areas of concerns.