

SB2940

Testimony

Measure Title:	RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII.
Report Title:	State Ethics Code; University of Hawaii; Technology Transfer Activities
Description:	Clarifies that certain sections of the State Ethics Code shall not apply to technology transfer activities. Requires such activities to comply with the regulatory framework and research compliance program approved by the Board of Regents. Requires written status report to the Legislature every two years.
Companion:	HB2411
Package:	Governor
Current Referral:	HEA/EET, JDL
Introducer(s):	KOUCHI (Introduced by request of another party)



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committees on Higher Education and the Arts
and
Economic Development, Environment and Technology
February 11, 2016 at 1:25 p.m.
by
Vassilis L. Syrmos
Vice President for Research and Innovation
University of Hawai'i

SB 2940 – RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII

Chairs Taniguchi and Wakai, Vice Chair Slom and members of the Committees:

Thank you for this opportunity to testify in support of this bill.

One of the University of Hawai'i's (UH) strategic directions is to grow the portfolio of sponsored research done at the University and to promote innovation and workforce diversification in the state's economy. One critical phase of innovation is the ability to commercialize research ideas generated on campus. The phase is often known as "technology transfer" and is designed to strengthen economies by getting new ideas, inventions and processes developed in universities to the private sector as quickly as possible. Technology transfer occurs throughout the nation at other universities and it is vital for UH to be able to support its faculty and student researchers in these activities.

This bill -- and others like it -- attempts to address the consequences of applying a "one size fits all" State Ethics Code to the multitude of situations that arise during the course of operating the state government or UH. In particular, the University of Hawai'i is concerned that a strict and narrow application of the State Ethics Code would prohibit or severely hamper UH activities designed to "transfer" new technology and ideas from the UH laboratories and faculty offices to the larger society.

The University of Hawai'i believes that technology transfer should be permitted under the State Ethics Code where such activities are likely to create specific benefits to the state or the public, notwithstanding the simultaneous creation of commercial benefit or individual personal benefit.

The amendments proposed in this bill would facilitate technology transfer at UH by exempting such activity from certain sections of the ethics code. The University of Hawai'i believes these exemptions are proper and justified due to its unique mission and the countervailing benefit to the well-being of the state of Hawai'i and its citizens.

Thank you for the opportunity to testify on this measure.



The Committee on Higher Education and The Arts
and
The Committee on Economic Development, Environment and Technology
Thursday, February 11, 2016
1:25 p.m., Room 224

RE: SB 2940, Relating to Technology Transfer at the University of Hawai'i

Attention: Chairs Brian Taniguchi and Glenn Wakai, Vice Chairs Lorraine Inouye and Sam Slom Members of the Committees

The University of Hawaii Professional Assembly (UHPA) urges the committees to **support the passage of SB2940** clarifying sections of the State Ethics Code in order to assist the timely technology transfer activities at the University of Hawai'i.

The proposed amendment would be in line with other Universities who have enacted exemptions from specific statutes in order to support their respective Universities. This benefits both the State and the University by removing current roadblocks and creating an effective and efficient transfer of the results of research in a collaborative manner.

UHPA supports the passage of SB2940.

Respectfully submitted

Kristeen Hanselman
Executive Director

**University of Hawaii
Professional Assembly**



**Testimony to the House Committee on Higher Education & the Arts and
Committee on Economic Development, Environment, & Technology
Thursday, February 11, 2016 at 1:25 P.M.
Conference Room 224, State Capitol**

**RE: SENATE BILL 2940 RELATING TO TECHNOLOGY TRANSFER AT THE
UNIVERSITY OF HAWAII**

Chairs Taniguchi and Wakai, Vice Chair Slom, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2940, which clarifies that certain sections of the State Ethics Code shall not apply to technology transfer activities. Requires such activities to comply with the regulatory framework and research compliance program approved by the Board of Regents. Requires written status report to the Legislature every two years.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 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 SB 2940 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.



HAWAII STATE ETHICS COMMISSION

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

SENATE COMMITTEE ON HIGHER EDUCATION AND THE ARTS
The Honorable Brian T. Taniguchi, Chair

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, ENVIRONMENT, AND
TECHNOLOGY

The Honorable Glenn Wakai, Chair
The Honorable Sam Slom, Vice Chair

S.B. No. 2940, Relating to Technology Transfer at the University of Hawaii

Hearing: Thursday, February 11, 2016, 1:25 p.m.

The Hawaii State Ethics Commission (“Commission”) **opposes** S.B. No. 2940 in its current form, but has been working with the University of Hawaii (“University”) to suggest language that will address the Commission’s concerns about this bill. The purpose of S.B. No. 2940 is to create an exemption from sections of the State Ethics Code, Hawaii Revised Statutes (“HRS”) chapter 84, for University-sponsored technology transfer activities that comply with the regulatory framework and research compliance program and policies approved by the Board of Regents.

Under S.B. No. 2940, University-sponsored technology transfer activities would be exempt from ethics laws relating to: (1) the disclosure or use of confidential information acquired in the course of an employee’s official duties for personal gain or benefit (HRS section 84-12); (2) the prohibited use of an employee’s official position to secure unwarranted advantages for oneself or others (HRS section 84-13); (3) conflicts of interests (HRS section 84-14); (4) the award of state contracts to state employees or businesses that are assisted or represented by state employees (HRS section 84-15); (5) the State’s ability to void state contracts entered into in violation of the ethics code (HRS section 84-16); and (6) post-employment restrictions for state employees (HRS section 84-18).

The Commission has a number of concerns about S.B. No. 2940 as it is currently worded:

First, the bill’s definition of “technology transfer activities” is very broad and the bill does not identify the University employees whose activities will be exempt from the ethics laws. It is the Commission’s understanding that the bill is intended to apply principally to University research faculty and other professional and technical staff while they are engaged in technology transfer activities. As written, however, the bill appears

to apply to a broad array of activities by any and all University employees.

Second, the bill provides that the ethics laws shall not apply to the University's technology transfer activities "so long as such technology transfer activities comply with the regulatory framework and research compliance program and policies approved by the University of Hawaii board of regents." The bill does not specify whether the Commission, the University, or some other entity is responsible for determining whether or not technology transfer activities comply with the University's regulatory framework and research compliance policies. The Commission lacks the requisite expertise to make this determination. The bill should be amended to make clear that this responsibility rests with the University or some other authorized entity.

Third, the bill requires the Board of Regents to submit a written report to the Legislature prior to each regular session regarding (1) the development and implementation of its regulatory framework and compliance program; and (2) the technology transfer activities of the University and their status. The Commission supports the purpose of this reporting requirement, but does not believe it should be placed in HRS chapter 84. The Commission believes the reporting requirement should be placed in HRS chapter 304A.

The Commission understands that the University believes its research and technology transfer activities provide "unique benefits" to the State. If the Legislature agrees that an exemption from the ethics laws for University-sponsored technology transfer activities is needed, the Commission believes the exemption must be clearly stated and limited in scope. While the Commission is not opposed in theory to such an exemption, the Commission does not support S.B. No. 2940 as currently worded. The Commission is continuing to work with the University to resolve the aforementioned areas of concerns and to suggest alternate statutory language. The Commission recently proposed the following language for discussion purposes to the University:

"University of Hawaii employees who are directly involved in the research or development of technology sponsored and approved by the University shall be exempt from this chapter, including section 84-18, when performing these activities and in the transfer and commercialization of the technology."

The Commission will continue its discussions with the University about S.B. No. 2940 and the Commission's proposed language to achieve the purpose of this bill.

Thank you for considering the Commission's testimony on S.B. No. 2940, Relating to Technology Transfer at the University of Hawaii.



Written Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
Senate Committee on Higher Education and the Arts
And
Committee on Economic Development, Environment, and Technology

Thursday, February 11, 2016
1:25 p.m.
State Capitol, Conference Room 224

In consideration of
SB2940
RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII.

Chairs Taniguchi and Wakai, Vice Chair Slom, and Members of the Committee on Higher Education and the Arts and Committee on Economic Development, Environment, and Technology.

The High Technology Development Corporation (HTDC) **supports** SB2940 which clarifies that certain sections of the State ethics code shall not apply to technology transfer activities and requires such activities to comply with the regulatory framework and research compliance program approved by the Board of Regents.

As part of HTDC's vision to create 80,000 new innovation jobs in Hawaii earning \$80,000 or more by 2030, HTDC supports initiatives aimed at increasing technology transfer out of the University of Hawaii. HTDC defers to UH on the implementation of the bill.

Thank you for the opportunity to offer these comments.



**Testimony to the Senate Committee on Higher Education and the Arts and the Senate
Committee on Economic Development, Environment, and Technology**

February 11, 2016

1:25 p.m.

Conference Room 224

**RE: RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII –
SENATE BILL 2940**

Chairs Taniguchi and Wakai, Vice Chair Slom and Members of the Committees:

My name is Gary Kai and I am the Executive Director of the Hawaii Business Roundtable. The Hawaii Business Roundtable fully supports Senate Bill 2940, relating to Technology Transfer at the University of Hawaii. The bill clarifies that certain sections of the State Ethics Code shall not apply to technology transfer arrangements supported by the University of Hawaii.

The Hawaii Business Roundtable strongly believes that a strong research and innovation sector led by the University of Hawaii can be a large and important magnet for new money and new fields of job growth in Hawai`i. The ability to transfer research into commercial opportunities is a key to that growth. It is a vital component of the creation of jobs in the local economies of many universities across the country and we believe it could be done here in Hawaii.

We realize that there must be a well-articulated policy to insure the balance between the partnership arrangements and the benefits to the public. We are confident that the University of Hawaii's Board of Regents will be able to develop a compliance program that will comply with applicable regulations.

This legislation is one very good example of growing our Research and Innovation Economy which is critical for the future of our young people. It provides them with the choice to live and work in their island home -- and the opportunity to come home after gaining experience on the mainland or abroad. Furthermore, it helps to improve the quality of their lives and the lives of all who live here.

Thank you very much for the opportunity to testify.

Gary K. Kai, Executive Director
Hawaii Business Roundtable

From: mailinglist@capitol.hawaii.gov
To: [HEA Testimony](#)
Cc: begoniabarry@gmail.com
Subject: Submitted testimony for SB2940 on Feb 11, 2016 13:25PM
Date: Monday, February 08, 2016 2:15:03 PM

SB2940

Submitted on: 2/8/2016

Testimony for HEA/EET on Feb 11, 2016 13:25PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Barry	Individual	Oppose	No

Comments: We should never allow the State Ethics Code to be undermined or voided. They are therefor an important reason. Mahalo,

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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