

STAND. COM. REP. NO.

1119

Honolulu, Hawaii

MAR 24 2017

RE: H.B. No. 425
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred
H.B. No. 425, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TECHNOLOGY TRANSFER AT THE
UNIVERSITY OF HAWAII,"

begs leave to report as follows:

The purpose and intent of this measure is to facilitate the
University of Hawaii's contribution to research commercialization
and economic development by specifying that certain sections of
the State Code of Ethics do not apply to technology transfer
activities sponsored by the University.

Your Committee received testimony in support of this measure
from the University of Hawai'i System, Hawaii Venture Capital
Association, Sultan Ventures, XLR8UH, Hawaii Business Roundtable,
and Chamber of Commerce Hawaii. Your Committee received testimony
in opposition to this measure from the Hawaii State Ethics
Commission and Common Cause Hawaii.

Your Committee finds that the commercialization of
intellectual property created by basic and applied research at the
University of Hawaii greatly benefits the State by diversifying
employment opportunities, creating a more robust innovation
sector, introducing better performing products, and providing a
potential economic return on the public resources committed to the



University. Your Committee further finds that supporting contributions by the University of Hawaii to the economic health and diversification of the State is a matter of statewide concern.

Your Committee heard testimony from the University of Hawaii that the current uncertainty surrounding the application of the State Ethics Code to individual technology transfer activities at the University deters potential financial partners. However, your Committee also heard the concerns of the Hawaii State Ethics Commission that exempting a broad category of activities from the State Ethics Code would set a dangerous precedent and take away from the strength inherent in a uniform ethics code.

Your Committee has requested that the University of Hawaii submit to your Committee on Higher Education the current Board of Regents policies and procedures that comprise the University's regulatory framework for technology transfer activities. Your Committee recognizes the complexities in determining the best oversight for technology transfer activities at the University of Hawaii, but is willing to further the discussion on this measure in hopes that a reasonable resolution can be reached.

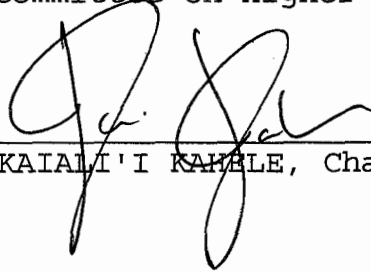
Your Committee has amended this measure by:

- (1) Requiring the University of Hawaii to submit a report regarding technology transfer activities to the Legislature every year instead of in odd-numbered years only;
- (2) Inserting language that repeals this measure on June 30, 2022; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 425, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 425, H.D. 1, S.D. 1, and be referred to your Committee on Judiciary and Labor.



Respectfully submitted on
behalf of the members of the
Committee on Higher Education,



KAIALANI KAHALE, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Higher Education
HRE

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 425, HD1	HRE, JDL	3/14/2017		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KAHELE, Kaiali'i (C)	✓			
KIDANI, Michelle N. (VC)		✓		
ESPERO, Will	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
TANIGUCHI, Brian T.				✓
TOTAL	3	1		1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes