



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committee on Higher Education  
Tuesday, March 14, 2017 at 2:00 p.m.

by

Vassilis L. Syrmos, Vice President for Research and Innovation  
University of Hawai'i System

### SB 137 SD2 – RELATING TO UNIVERSITY OF HAWAII RESEARCH

Chair Woodson, Vice Chair Hashem, and members of the committee:

The University of Hawai'i (UH) supports this measure.

This bill provides UH with clear statutory authority to frame and support its various activities to develop and commercialize the intellectual property created by UH faculty, staff or alumni. Successful commercialization, in turn, will contribute to a more diverse workforce in the state, promote a robust and dynamic innovation sector of our economy, provide better performing products or services to the consumer, and garner some economic return to the publicly supported UH.

The innovation and commercialization activities include vetting or “proving” the commercial potential of discoveries based on UH research, providing mentorship and entrepreneurial guidance to faculty or research staff, transferring UH-owned intellectual property to third parties via patents or licenses, or actively participating in public/private joint development, startup companies and partnerships. Third parties will be more willing to contribute their resources and shoulder some of the risks on forward-looking joint ventures or collaborative technology transfer activities, if the legal parameters were more clearly established.

The University of Hawai'i's brand as a research and teaching institution will also be enhanced. Currently, UH lags its peer institutions in having the support infrastructure to encourage and nurture technology transfer. To keep UH competitive with its mainland peers in attracting external research sponsorship and in hiring entrepreneurial faculty or staff, the UH must develop its commercialization capacity.

Clear statutory authority is an essential component to develop UH's capacity to commercialize its intellectual property.

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

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Committee: Committee on Higher Education  
Bill Number: S.B. 137, SD2  
Hearing Date/Time: Tuesday, March 14, 2017, 2:00 p.m.  
Re: Testimony of the Hawaii State Ethics Commission with  
**COMMENTS AND PROPOSED AMENDMENTS** to S.B. 137,  
SD2, Relating to University of Hawaii Research

Dear Chair Woodson and Committee Members:

The Hawaii State Ethics Commission (“Commission”) hereby submits **comments** on S.B. 137, SD2, which seeks to promote the commercialization of research conducted at the University of Hawaii.

In short, the Ethics Commission fully supports the University’s efforts to take advantage of its employees’ outstanding research; as the saying goes, a rising tide lifts all boats, and the University and its employees ought to be encouraged to promote (and profit from) their many accomplishments. So long as the University establishes safeguards to ensure that the University’s interests are adequately protected, these activities are already permitted by the Ethics Code, Hawaii Revised Statutes (“HRS”) chapter 84.<sup>1</sup>

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<sup>1</sup> Indeed, more than twenty years ago, the Commission issued an Advisory Opinion stating:

[W]hen the State of Hawaii stood to benefit from arrangements in which an employee acquired a financial interest subject to his official action, or took official action directly affecting that interest, or assisted or represented a business on a matter in which the employee had participated or would participate, or assisted or represented that business before the agency of which he or she was an employee, the conflicts of interests law did not per se prohibit such arrangements, so long as the State’s interest was adequately protected.

See Hawaii State Ethics Commission, Advisory Opinion No. 1992-2 at 5-6, available at <http://files.hawaii.gov/ethics/advice/AO1992-2.pdf>. The Commission reviewed several technology transfer proposals and concluded that they satisfied the Ethics Code because, among other things, they were subject to “strict oversight and review by appropriate State authorities for the purpose of insuring that [University employees’] official action would be directed toward the stated goals of the proposal.” Id. at 8.

The Legislature intended that Advisory Opinions “be a source of reference for all persons concerned and contribute to a proper understanding of the code. These opinions should reflect the practical operation of the code and begin to develop a body of ‘case law’ on ethics.” Conf. Comm. Rep. No. 16, in 1967 House Journal, at 856.

The Commission respectfully submits that the language in the bill requiring that the Ethics Code be construed “in recognition of the public benefits created and state interests advanced by university activities” is redundant. Both the Commission and the courts already construe statutes in relation to one another; the phrase used by courts is that statutes that are “in pari materia,” or on the same subject matter, are to be construed together. In evaluating the Ethics Code’s application to any proposed activities, the Commission always considers the state purpose at hand; as such, while the Commission does not oppose the proposed language, the Commission respectfully suggests that it is unnecessary.

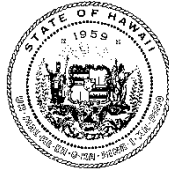
As such, the Commission respectfully suggests that this Committee **amend this measure** on page 12, line 19, to remove the phrase “including without limitation the state code of ethics”; similarly, the Commission respectfully suggests that the Committee remove the phrase “including the state code of ethics” on page 3, line 18.

Thank you for considering the Commission’s testimony on S.B. 137, SD2.

Very truly yours,

Daniel Gluck  
Executive Director and General Counsel

DAVID Y. IGE  
GOVERNOR



SARAH ALLEN  
ADMINISTRATOR  
MARA SMITH  
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

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**TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE**

**TO THE HOUSE COMMITTEE  
ON  
HIGHER EDUCATION**

March 14, 2017, 2:00 PM

**Senate Bill 137 SD2  
RELATING TO THE UNIVERSITY OF HAWAII RESEARCH**

Chair Woodson, Vice-Chair Hashem, and members of the committee, thank you for the opportunity to submit testimony on SB 137 SD2. The State Procurement Office's (SPO) comments are limited to SECTION 2 of the bill amending HRS §304A by adding a section exempting all costs and expenses expended from the University's innovation and commercialization initiative special fund's revenues from chapter 103D as follows:

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

The SPO is not in opposition of this bill, however, would like to submit comments pertaining to SECTION 2, page 10, lines 4 to 10.

This exemption is not necessary. The Code already provides flexibility to address the needs of the University of Hawaii's Innovation and Commercialization Initiative Program's needs. HRS §103D-102(b)(4)(L) gives the Chief Procurement Officer, the President of the University of Hawaii, the authority to exempt specific purchases when it is not advantageous or practicable. HAR §3-120-5 provides the mechanism for the head of a purchasing agency to follow when requesting an exemption to the Code.

The harm of granting a statutory blanket exemption is that the procurement would not be reviewed to determine the appropriateness of that exemption, which over a period of time may change. In addition, statutory exemptions are contrary to the Hawaii Public Procurement Code (Code), section 103D-102, HRS, on the applicability of the chapter that states in part "...shall apply to all procurement contracts made by governmental bodies whether the consideration for

the contract is cash, revenues, realizations, receipts, or earnings....” Any governmental agency with the authority to expend funds should be in compliance with chapter 103D, which promotes the policy of fair and equitable treatment of all persons who deal with the procurement system; fosters effective broad-based competition; and increases public confidence in public procurement.

The Code should not be viewed as an obstacle to a purchasing agency’s mission, but rather as the single source of public procurement policy to be applied equally and uniformly to obtain its requirements, which was the legislature’s intent for the Code. If individual agencies are exempted and allowed to develop their own individual processes, it becomes problematic for the administration and vendors/contractors that must comply with a variety of processes. Most agencies agree that fairness, open competition, a level playing field, and government disclosure and transparency in procurement and contracting process are vital to good government. They believe that for this to be accomplished, we must participate in the process with one set of statutes and rules.

One of public procurement’s primary objectives is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion, or fraud in the awarding of contracts. Another critical objective is to ensure disclosure and public visibility into the way taxpayer dollars are being spent. As such, along with open competition the Code provides safeguards to ensure procurement integrity, determination of fair and reasonable pricing, public notice, and transparency. The Code also provides consistency in the manner in which purchasing agencies procure goods, services, and construction.

The National Association of State Procurement Officials state: “Businesses suffer when there is inconsistency in procurement laws and regulations. Complex, arcane procurement rules of numerous jurisdictions discourage competition by raising the costs to businesses to understand and comply with these different rules. Higher costs are recovered through the prices offered by a smaller pool of competitors, resulting in unnecessarily inflated costs to state and local governments.”

Exemptions to the Code mean that all procurements made with taxpayer monies for this authority, will not have the same oversight, accountability and transparency requirements mandated by those procurements processes provided in the Code. It means that there is no requirement for due diligence, proper planning or consideration of protections for the State in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management. As such, the authority can choose whether to compete any procurement or go directly to one contractor. As a result, leveraging economies of scale and cost saving efficiencies found in the consistent application of the procurement code are lost. It also means the authority is not required to adhere to the Code’s procurement integrity laws.

When public bodies are removed from the State’s procurement code it results in the harm described above. As these entities create their own procurement rules, businesses are forced to track their various practices. Moreover, a public body often can no longer achieve the benefits of aggregation by using another public body’s contract because different state laws and regulations may apply to the various public bodies making compliance more difficult.

Each year new procurement laws are applied to state agencies causing state agency contracts to become more complex and costly, while other public bodies, such as agencies with strong legislative influence, are exempted. Relieving some public bodies from some laws by exempting or excluding them from compliance with a common set of legal requirements creates an imbalance wherein the competitive environment becomes different among the different jurisdictions and the entire procurement process becomes less efficient and more costly for the State and vendors.

Thank you.

# OFFICE OF INFORMATION PRACTICES

STATE OF HAWAII  
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TELEPHONE: 808-586-1400 FAX: 808-586-1412  
EMAIL: oip@hawaii.gov

To: House Committee on Higher Education

From: Cheryl Kakazu Park, Director

Date: March 14, 2017, 2:00 p.m.  
State Capitol, Conference Room 309

Re: Testimony on S.B. No. 137, S.D. 2  
Relating to University of Hawaii Research

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Thank you for the opportunity to submit testimony on this bill. For the following reasons, the Office of Information Practices (“OIP”) takes **no position** on this bill, which proposes an innovation and commercialization program at the University of Hawaii (“UH”).

This bill (starting at page 10 line 11) would create a special executive session purpose allowing the UH Board of Regents to hold a closed session to discuss trade secrets or confidential commercial or financial information that UH could properly withhold from public disclosure under chapter 92F, HRS, the Uniform Information Practices Act (“UIPA”). Even though the UIPA allows an agency to withhold such information in response to a public record request, the Sunshine Law, part I of chapter 92, does not generally allow a board to hold a closed meeting to protect such information, because the UIPA’s exceptions to public disclosure are not confidentiality statutes and thus a board could not go into executive session to protect information falling under a UIPA exception (unless some other executive session purpose applied). Thus, **without this provision, the**

**UH Board of Regents would be able to withhold trade secrets or confidential commercial or financial information in response to a public UIPA request, but it would not be able to discuss that information in a closed session under the Sunshine Law.** OIP does not have concerns over the proposal to allow the UH Board of Regents to maintain the confidentiality of trade secrets or other sensitive commercial information coming before it in connection with the proposed program, as it would simply allow the board to protect the information from disclosure at a public meeting to an extent consistent with existing UIPA protections.

For these reasons, **OIP views the provision of this bill affecting the Sunshine Law and the UIPA as reasonably limited to achieve its intended purpose of protecting proprietary information without unduly restricting public access to the formation of public policy, and believes that the decision of whether to provide that protection is a policy call for the Legislature to make.** Thus, OIP takes no position on this bill.





Statement of  
**Omar Sultan**  
Managing Partner  
XLR8UH

Testimony Presented Before the  
**House Committee on Higher Education**  
Tuesday, March 14, 2017 at 2:00 PM

In consideration of  
**SB137, SD 2 RELATING TO UNIVERSITY OF HAWAII RESEARCH**

Chair Justin H. Woodson, Vice Chair Mark J. Hashem, and members of the Committee:

XLR8UH respectfully submits testimony in **strong support** of SB 137 SD 2 to provide the University of Hawaii (UH) clear statutory authority to frame and support its various activities and initiatives to develop and commercialize the intellectual property created by UH faculty, staff and alumni.

One of the first of its kind in the nation, XLR8UH is a public-private partnership with University of Hawaii through the Office of the Vice President for Research and Innovation and Honolulu-based Sultan Ventures, a boutique venture firm. Although only a few years old, XLR8UH is already a multiple award winning, venture accelerator program, nationally recognized by the Small Business Association in 2015 and 2016 and the Economic Development Association in 2016 under the Department of Commerce Regional Innovation Strategies i6 Challenge, that makes small, targeted, high-impact investments to support startup creation, innovation and help turn technology into jobs.

The bill before you is intended to eliminate the unnecessary delays and confusion that impede the progress of XLR8UH and the development of UH research-based high potential commercialization projects. With its undeniable strengths in ocean sciences, energy research, sustainable agriculture and astronomy; and its growing strength in cybersecurity and health sciences -- UH has a significant amount of academic research that has viable commercial potential. Successful commercialization contributes directly to the State's economy, its academic and business reputation and to creating diverse, well-paying jobs and careers.

A clear legal framework, authorizing UH to participate directly and indirectly with enterprises such as the proof-of-concept and venture accelerator, XLR8UH, is needed to reduce uncertainty and to facilitate the development and commercialization of innovative UH-based research enterprises.

We urge you to pass this legislation so that Hawaii can take its rightful place as a birthplace of innovation and provider of 21st century careers and jobs.

Thank you for the opportunity to offer our comments on this bill.



Chamber of Commerce HAWAII  
*The Voice of Business*

**Testimony to the House Committee on Higher Education  
Tuesday, March 14, 2017 at 2:00 P.M.  
Conference Room 309, State Capitol**

**RE: SENATE BILL 137 SD2 RELATING TO UNIVERSITY OF HAWAII RESEARCH**

Chair Woodson, Vice Chair Hashem, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 137 SD2, which establishes the Innovation and Commercialization Initiative Program to expressly give the University of Hawaii the legal authority to create, finance, and participate in new economic enterprises and expand workforce opportunities based on inventions and discoveries generated by or at the University.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ 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 University of Hawaii is the state's public institution supporting an array of programs such as ocean sciences, energy research, sustainable agriculture, astronomy, and more. Much of the research produced by these many fields has strong commercial potential that has not been capitalized. In order to reach its full potential, UH needs to proactively move these research projects to commercialization in order to become a major contributor to the state's economy and workforce. This bill would establish the Innovation and Commercialization Initiative Program and create the second state agency with this capability that could help move projects along and achieve maximum commercial potential within the University.

Thank you for the opportunity to testify.



The House Committee on Higher Education  
Tuesday, March 14, 2017  
2:00 pm, Room 309

**RE: SB 137, SD2, RELATING TO UNIVERSITY OF HAWAII RESEARCH**

Attention: Chair Justin Woodson and Vice Chair Mark Hashem  
Members of the Committee

The University of Hawaii Professional Assembly (UHPA) **supports the intent of SB 137, SD2**, The intent of this bill is to codify what is currently an Ethics Code Advisory Opinion (No. 1992-2) that allows faculty members to advance technology transfer activities at the University of Hawai'i without penalties for commercializing their work which financially benefits the University.

The ability of faculty to work closely with students provides unique opportunities for mentoring, guiding and developing innovative and creative property that have the potential for commercialization. Revisions to the Code of Ethics enhances this potential.

SB 137, SD1 would ensure the long-standing ethical research principles and technology transfer regulations currently used by the federal government. This also supports the ability of the University to be competitive for external research funding and attracting and retaining innovative faculty.

This benefits both the State and the University by removing current uncertainties surrounding the Advisory Opinion. **SB 137, SD2** provides an effective and efficient transfer of the results of research in a collaborative manner.

**UHPA supports the passage of SB 137, SD2.**

Respectfully submitted

Kristeen Hanselman  
Executive Director

**University of Hawaii  
Professional Assembly**



P.O. Box 253, Kunia, Hawai'i 96759  
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March 14, 2017

HEARING BEFORE THE  
HOUSE COMMITTEE ON HIGHER EDUCATION

**TESTIMONY ON SB 137, SD2**  
RELATING TO UNIVERSITY OF HAWAII RESEARCH

Room 309  
2:00 PM

Aloha Chair Woodson, Vice-Chair Hashem, and Members of the Committee:

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interests of our diverse agricultural community.

HFB **strongly supports SB137 SD2**, establishing the Innovation and Commercialization Initiative Program in the University of Hawaii.

As an island state, required to compete in the global marketplace, Hawaii's farmers and ranchers need to be innovative -- creative in having unique products to be competitive in the marketplace. This program will provide the path to foster innovation at the University and to use it to enable farmers and ranchers to increase their viability.

The University has a record of innovation that has succeeded in the commercial arena (see Attachment A).

Developments of new varieties of ornamental taro have been recognized in the National arena. Varieties such as Black Coral, pictured below, have received National Award of Excellence by the Greenhouse Association.



<http://www.royalhawaiiancolocasias.com/sources.html>

The registration of the variety is now owned by the University but why aren't our growers benefitting from these developments by our researchers? We need to fix the pipeline so these advancements can happen in Hawaii instead of on the continent where the process facilitates advancements. This measure provides the mechanism.

Other Universities have similar organizational structures such as AGRILife at Texas A&M and Tech Transfer Venture Center at the University of Michigan. The University can be the basis for Economic Development in Hawaii. These services are urgently needed by our farmers and ranchers.

For these reasons, HFB respectfully requests your **STRONG SUPPORT** establishing the Innovation and Commercialization Initiative Program in the University of Hawaii and providing a means to grow Hawaii's agriculture and economy.

Thank you for the opportunity to provide testimony on this measure.

home) and China very early in the movement of plant products during the hunter-gatherer period, prior to the beginnings of agriculture about 10,000 years ago. This movement was a good thing for the genus, because many of the different *Colocasia* species and *C. esculenta* landraces in Southeast Asia, particularly in Malaysia, have been lost due to destruction of native habitat for agriculture, and more recently due to construction of houses and buildings. Fortunately for the genus, many different species survived in China and have in recent years been identified by Chinese scientists. Exchange with China would be a good thing for breeding diversity into *Colocasia*. In all these collaborations and exchanges, Cho has conveyed his belief that disease-free food-taro materials should be available to everyone and should be freely shared.

## New Ornamental Taros

*All of the ornamental taros produced in Cho's program resulted not from genetic engineering but from conventional crossbreeding.*

A corollary to Cho's effort to improve taro for food production has been the development of taros attractive as ornamental plants. Ornamental taros are sold in the nursery trade and are especially prized in temperate regions, where they are often grown as summer container plants and brought inside during cold months. Two ornamental hybrids were named Pearl Harbor and Hawaiian Beauty and licensed to a Florida company for commercialization in 2005. Over 400 hybrids from Cho's program, none of them derived from Hawaiian taros, were evaluated for ornamental use by a commercial nursery in North Carolina. Seven of them were named, and their marketing is being managed by a California company, PlantHaven, which represents plant breeders (see [www.royalhawaiiancolocasias.com](http://www.royalhawaiiancolocasias.com)); this group of cultivars was awarded the 2008 Editor's Choice Medal of Excellence by Greenhouse Grower magazine. The names given to these new hybrids, such as Hilo Bay, Diamond Head, and Hawaiian Eye, are designed to appeal to people who are aware of Hawai'i's charms as a vacation destination. Diamond Head received a 2008 Classic City Garden Award from The Gardens at UGA (University of Georgia).

All of the ornamental taros produced in Cho's program resulted not from genetic engineering but from conventional crossbreeding. Due to concerns expressed by UH administrators about patenting materials bred from Hawaiian taros, Cho agreed that no traditional Hawaiian taro cultivars would be involved in his effort to breed new ornamental taros.

The trademark "Royal Hawaiian®" was registered by PlantHaven in support of its agreement with Cho and the university to market the ornamental *Colocasia* hybrids. The application for registration was made with the intention of protecting the company's investment in the marketing and also preventing others from passing off inferior varieties by calling them "Royal Hawaiian" cultivars. Registration of the trademark was intended to be an asset of the agreement with UH; it is not now "owned" by PlantHaven but rather is owned by the University of Hawai'i. The trademark is registered for use in connection with "Live plants, namely, Colocasias" and the registration was granted subject to the disclaimer, "No claim



House Higher Education Committee  
Chair Justin Woodson, Chair Mark Hashem

03/14/2017 at 2:00 PM in Room 309  
SB137 SD2 – Relating to the University of Hawaii Research

TESTIMONY — OPPOSE  
Corie Tanida, Executive Director, Common Cause Hawaii

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Dear Chair Woodson, Vice Chair Hashem, and committee members:

**Common Cause Hawaii opposes SB137 SD2** which would authorize the University of Hawaii (“UH” or “University”) to create, promote, and participate in new economic enterprises and expand workforce opportunities based on inventions and discoveries generated by or at UH.

While we recognize the need to be able to innovate and capitalize on research, we believe certain provisions of SB137 SD2 creates an overly broad exemption to our Sunshine Laws, which could lead to ethical issues in the future and be detrimental to the public’s access to information.

The section entitled “Confidentially of trade secrets; disclosure of financial information” (page 10) raises concerns. Under current law, trade secrets “may” be withheld from public disclosure. SB137 SD2 would convert this permissive clause into a requirement that such materials “shall not be publicly disclosed”. As this blanket ban denies the public access to information, we question the reasoning and need for this overly broad provision.

We also believe that the provision under the section entitled “Confidentially of trade secrets; disclosure of financial information” that allows UH’s board of regents and their subcommittees to discuss trade secrets in executive meetings is unnecessary as our current Sunshine Laws, which are designed to protect trade secrets while protecting the public’s interest, already provide for closed executive meetings.

We respectfully ask that you **defer SB137 SD2**, as opening the door to these overly broad exemptions would, simply put, not be in the public’s interest.

Thank you for the opportunity to offer testimony **opposing SB137 SD2**.

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EST. 1988

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HVCA

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HAWAII VENTURE CAPITAL ASSOCIATION

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Statement of  
**Melialani James**  
President  
Hawaii Venture Capital Association (HVCA)

Testimony Presented Before the  
**House Committee on Higher Education**  
Tuesday, March 14, 2017 at 2:00 PM

In consideration of  
**SB137, SD 2 RELATING TO UNIVERSITY OF HAWAII RESEARCH**

Chair Justin H. Woodson, Vice Chair Mark J. Hashem, and members of the Committee:

The Hawaii Venture Capital Association (HVCA) **strongly** of SB 137 SD2 to provide the University of Hawaii (UH) clear statutory authority to frame and support its various activities and initiatives to develop and commercialize the intellectual property created by UH faculty, staff and alumni.

Since its founding in 1988, the Hawaii Venture Capital Association (HVCA) has stood as a nexus for entrepreneurs, capital foundation, and networking opportunities in Hawaii. Fostering entrepreneurship through education and exposure to prime members of our business community continues to be our goal as we strive to grow a vibrant and successful venture community.

UH has a significant amount of academic research that has viable commercial potential. Successful commercialization contributes directly to the State's economy, its academic and business reputation and to creating diverse, well-paying jobs and careers. This bill will assist in streamlining the progress of XLR8UH, the development of UH research-based high potential commercialization projects, and innovation in Hawai'i as a whole.

HVCA is committed to working with XLR8UH, and will actively connect newly formed companies to its wide network in order to maintain competitiveness and grow the industry. We fully agree on the relevance and importance of SB 137 SD1.

Thank you for the opportunity to offer our comments on this bill.





Statement of  
**Tarik Sultan**  
Managing Partner  
Sultan Ventures

Testimony Presented Before the  
**House Committee on Higher Education**  
Tuesday, March 14, 2017 at 2:00 PM

In consideration of  
**SB137, SD 2 RELATING TO UNIVERSITY OF HAWAII RESEARCH**

Chair Justin H. Woodson, Vice Chair Mark J. Hashem, and members of the Committee:

Sultan Ventures respectfully submits testimony in **strong support** of SB 137 SD2 to provide the University of Hawaii (UH) clear statutory authority to frame and support its various activities and initiatives to develop and commercialize the intellectual property created by UH faculty, staff and alumni.

Sultan Ventures is a Hawaii-based boutique venture firm focusing on early stage startups and investments. As a startup catalyst, we provide pivotal resources via our powerful network of experts and investors. We work closely with innovative startups, and run the XLR8UH program in partnership with UH, providing the hands-on expertise and access to capital needed to accelerate growth.

A clear statutory framework will enable UH to undertake commercialization activity with greater legal certainty and clarity in commercialization efforts such as vetting concepts, providing mentorship and guidance to university entrepreneurs, technology transfer activities to protect intellectual property and working in partnerships with third parties such as Sultan Ventures to facilitate the development and commercialization of innovative UH-based research enterprises. This will eliminate the unnecessary delays and confusion that impede the progress of XLR8UH and the development of UH research-based high potential commercialization projects.

We urge you to pass this legislation so that Hawaii can take its rightful place as a birthplace of innovation and provider of 21st century careers and jobs.

Thank you for the opportunity to provide testimony on this bill.



March 14, 2017

Rep. Justin Woodson  
Committee on Higher Education  
State Capitol  
Honolulu, HI 96813

Re: Senate Bill 137, SD 2

Chairman Woodson and Committee Members:

We do not offer an opinion on whether the committee should create an innovation program at the University of Hawaii.

However, we ask you to delete the provision for confidentiality of trade secrets since trade secrets already have protections from disclosure under the Uniform Information Practices Act and under the Sunshine Law because it would involve meetings about trade secrets that are already confidential under state law.

We are particularly worried about broad, unfettered exemptions to the Sunshine Law, where public meetings on such items as budgets are closed because they relate to trade secrets but do not disclose such secrets.

Thank you for your time.

Sincerely,

Stirling Morita  
President, Hawaii Chapter SPJ



**Testimony to the House Committee on Higher Education**

**March 14, 2017**

**2:00 p.m.**

**Conference Room 309**

**RE: RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII –  
SENATE BILL 137, SD2**

Chairs Woodson, Vice Chair Hashem 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 strongly supports Senate Bill 137, SD2, relating to the University of Hawaii Research. The bill is to provide to provide express statutory authority to enable and facilitate the deployment of university educational and instructional resources, university managerial and fiscal resources, and university personnel to promote the economic health and diversification of workforce opportunities in the State through the commercialization of inventions and discoveries generated by or at the university.

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. We concur with the Legislature that the commercialization of the intellectual property created by basic and applied research conducted at the University of Hawaii, holds great promise to contribute to the creation of jobs and economic 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 can be done here in Hawaii.

The University of Hawaii has many areas of program strengths, including ocean sciences, energy research, sustainable agriculture and astronomy, cybersecurity and health sciences. These efforts have already attracted numerous technology start up organizations that have been attracted by and benefited from the research done in these areas that have been recognized internationally. This legislation will help foster even greater growth in this sector.

Providing the University with the express authority to engage in economic activities already conducted by other state agencies is a significant step and will signal Hawaii's willingness and desire to grow our Innovation Economy. The workforce opportunities created will benefit our young people immensely.

We realize that there must be a well-articulated policy and strong management procedures, to insure the balance between the economic activities and the benefits to the public. The

members of the Roundtable are prepared and willing to lend our support and expertise in collaboration with the University.

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  
**Sent:** Friday, March 10, 2017 11:33 AM  
**To:** HEDtestimony  
**Cc:** legallybrandon@gmail.com  
**Subject:** \*Submitted testimony for SB137 on Mar 14, 2017 14:00PM\*

**SB137**

Submitted on: 3/10/2017

Testimony for HED on Mar 14, 2017 14:00PM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Brandon Marc Higa	Individual	Support	No

Comments:

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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