

# S.B. NO. 2929

JAN 23 2020

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## A BILL FOR AN ACT

RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the timely and  
2 efficient commercialization of intellectual property created by  
3 basic and applied research at the University of Hawaii greatly  
4 benefits the public and the State.

5           Act 38, Session Laws of Hawaii 2017, facilitated the  
6 University of Hawaii's contribution to research  
7 commercialization and economic development for the State by  
8 clarifying and updating the application of ethics principles set  
9 forth in the state code of ethics to technology transfer  
10 activities sponsored by the University. Act 38 included a  
11 sunset date of June 30, 2022.

12           The purpose of this Act is to allow the university to  
13 continue its contribution to research commercialization and  
14 economic development by removing the sunset provision in Act 38,  
15 Session Laws of Hawaii 2017.

16           SECTION 2. Act 38, Session Laws of Hawaii 2017, is amended  
17 by amending section 5 to read as follows:

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1           "SECTION 5. This Act shall take effect upon its approval[~~+~~  
2 ~~provided that this Act shall be repealed on June 30, 2022~~]."

3           SECTION 3. Statutory material to be repealed is bracketed  
4 and stricken.

5           SECTION 4. This Act, upon its approval, shall take effect  
6 on July 1, 2020.

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INTRODUCED BY: 

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BY REQUEST

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**Report Title:**

University of Hawaii

**Description:**

Removes the sunset provision in Act 38, Session Laws of Hawaii 2017.

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JUSTIFICATION SHEET

**SB. NO. 2929**

DEPARTMENT: University of Hawaii

TITLE: A BILL FOR AN ACT RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII.

PURPOSE: Remove the sunset date of June 30, 2022 in Act 38, Session Laws of Hawaii (SLH) 2017, to allow the University of Hawaii (University) to continue to regulate conflicts of interests and other ethical issues for technology transfer activities it sponsors.

MEANS: Amend section 5 of Act 38, SLH 2017.

JUSTIFICATION: The University is the sole public institution of higher education in the State. With its wide array of graduate programs and professional schools, the University is the primary public institution in the state conducting basic, academic, or sponsored research. Where appropriate, the University commercializes its research products through licensing of patents, providing administrative support to faculty, and entering into business transactions with private entities.

This commercialization (often called "technology transfer") is designed to strengthen economies by getting new ideas, inventions, and processes developed in universities to the private sector as quickly as possible. This technology transfer occurs throughout the nation at other universities.

Many states have general conflict of interest laws that could potentially 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 and strictly prohibit use of public property--such as university equipment, facilities or support personnel--for private business purposes. In order to remain competitive for research funding and to strengthen their local economy, 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, but exempt institutions for their university researchers or research activities.

Act 38 provides this purpose for University-sponsored technology transfer activities. Significantly, Act 38 does not exempt technology transfer activities from all ethical oversight; it shifts the responsibility from the State Ethics Commission to the University. The University must create and implement its own set of policies, procedures and guidelines to apply to technology transfer activities it sponsors.

The University drafted a Regents Policy and an Executive Policy to fulfill the responsibilities conferred on the University by Act 38. The Regents Policy is titled, *Ethical Guidelines in the Conduct of Technology Transfer Activities*. These draft policies are being vetted through the normal internal consultation process, including review by faculty committees and collective bargaining unions for University employees. The University also prepared a handbook titled *Addressing Ethical Conflicts Arising During Technology Transfer Activities*, that is meant to serve as a guide for its employees to assure that technology transfer activities are conducted ethically and in a manner that promotes public purposes and supports the core missions of the University. The handbook identifies the six

specific areas of the Ethics Code subject to Act 38 and explains how these six areas should be adapted and applied by the University to address conflicts. The handbook also explains how these adaptations should be applied in conjunction with other policies and regulations. The University plans on updating the handbook periodically to address any changes that may arise.

Impact on the public: None.

Impact on the department and other agencies:  
None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: UOH-100, UOH-210, UOH-700, UOH-800, UOH-900.

OTHER AFFECTED  
AGENCIES: State Ethics Commission.

EFFECTIVE DATE: July 1, 2020.