

S.B. NO. 2930

JAN 23 2020

A BILL FOR AN ACT

RELATING TO UNIVERSITY OF HAWAII RESEARCH.

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

1 SECTION 1. Act 39, Session Laws of Hawaii 2017, provided
2 the University of Hawaii with express statutory authority to
3 enable and facilitate the deployment of university educational
4 and instructional resources, university managerial and fiscal
5 resources, and university personnel to promote the economic
6 health and diversification of workforce opportunities in the
7 State through the commercialization of inventions and
8 discoveries generated by or at the University of Hawaii. Act
9 39, Session Laws of Hawaii 2017, also included a repeal date of
10 June 30, 2021.

11 The purpose of this Act is to remove the repeal date in Act
12 39, Session Laws of Hawaii 2017.

13 SECTION 2. Act 39, Session Laws of Hawaii 2017, is amended
14 by amending section 3 to read as follows:

15 "SECTION 3. This Act shall take effect on July 1, 2017[
16 ~~and shall be repealed on June 30, 2021~~]."

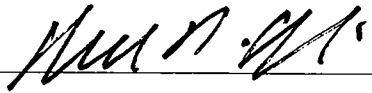
17 SECTION 3. Statutory material to be repealed is bracketed
18 and stricken.

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

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INTRODUCED BY: 

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BY REQUEST

S.B. NO. 2130

Report Title:

University of Hawaii; Commercialization

Description:

Removes the sunset provision in Act 39, Session Laws of Hawaii 2017.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

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DEPARTMENT: University of Hawaii

TITLE: A BILL FOR AN ACT RELATING TO UNIVERSITY OF HAWAII RESEARCH.

PURPOSE: To remove the June 30, 2021 repeal date in Act 39, Session Laws of Hawaii (SLH) 2017, to allow the continuation of the innovation and commercialization initiative program established within the University of Hawaii (University).

MEANS: Amend section 3 of Act 39, SLH 2017.

JUSTIFICATION: The University is the sole public institution of higher education in the State. With its array of graduate programs in oceanography, engineering, sustainability sciences, tropical agriculture and astronomy, among other programs, and with its professional schools such as medicine and pharmacy, the University is the primary public institution in the state generating academic and sponsored research.

In the past, where research showed commercial promise, the University secured patents on its inventions and licensed the patents to private companies willing to develop the economic potential of the inventions.

More active and strategically focused efforts are needed by the University to achieve its potential to contribute to the economic health and workforce diversification of the state. The University needs to actively encourage and identify the inventions or discoveries generated by its research that have commercial potential. University resources would then be deployed in a focused program

to transform these concepts into viable commercial products and businesses. The program includes developing the managerial and executive level capacity to grow and sustain these new companies; providing instruction in developing viable business plans; making available expert mentors from the private sectors to provide practical guidance; and training novice entrepreneurs how to seek and obtain investors or capital. An active program also enables the University, where appropriate, to participate in and contribute to the financing and capital requirements of these new enterprises.

The authority conferred by Act 39 has allowed the University to pursue various activities in furtherance of its innovation and commercialization initiative that the University would not have otherwise been able to participate in.

For example, the University formed a Hawaii limited liability corporation named UH Ventures, LLC (UH Ventures). UH Ventures supports University affiliated startups with the provision of programming, resources and funding - and is creating its own accelerator program to be run and managed by the University through UH Ventures. UH Ventures is also capable of holding equity interests in the startups it funds, including those startups that will go through UH Ventures' forthcoming accelerator program. This corporate form is also useful as it insulates the University from risks inherent in startup ventures, permits for management of potential conflicts of interest.

UH Ventures entered into a joint effort with the Hawaii Strategic Development Corporation and the Natural Energy Laboratory of Hawaii Authority to establish a United States Economic Development Administration funded aquaculture accelerator program on Hawaii

Island. The objectives of this joint effort are to assist proof-of-concept development, provide commercialization services, lab, testing and office space to startup companies working in aquaculture.

The University has assumed stewardship over the Manoa Innovation Center (MIC). MIC is a short distance from the University's Manoa campus and provides incubator space for several local startup companies. MIC also houses University programs and state agencies that promote state-supported research or technology development, including the Research Corporation of the University of Hawaii, the Hawaii Small Business Development Corporation, the University's STEM Pre-Academy office, and the University's Applied Research Laboratory.

Following the passage of Act 39, Disaster Risk Reduction, LLC was formed in order to commercialize the Pacific Disaster Center Global's many computer based tools that track, monitor and assess various types of disaster events. The University is working on protecting the intellectual property arising from these tools.

Impact on the public: The public would benefit allowing the University to continue effectively and efficiently promoting its University-related research and to transfer the results of its research commercially to help diversify and grow the state's economy through collaborative arrangements with private entities, that would include increasing and diversifying workforce opportunities.

Impact on the department and other agencies: The University would be able to continue to collaborate in other research commercialization or venture funding programs sponsored by other State agencies such as the Department of Business, Economic

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Development, and Tourism. There would be a more coordinated state-wide effort, less duplication, and the University could emphasize its unique contributions as the generator of research with commercial potential.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: UOH 900.

OTHER AFFECTED
AGENCIES: Department of Business, Economic
Development, and Tourism; State Ethics
Commission

EFFECTIVE DATE: July 1, 2020.