



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Higher Education  
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by

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### HB 425 HD1 – RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII

Chair Kahele, Vice Chair Kidani, and members of the Committee:

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

The purpose of this bill is to amend the Hawai'i State Ethics Code to reflect current-day realities of technology transfer activities, to acknowledge UH's unique mission as the state's largest publicly-supported research enterprise, and to provide more certainty and clarity in the application of the Ethics Code by enacting specific, written guidelines -- rather than rely on discretionary interpretation and negotiation of parties who have an interest in the activity.

A strategic goal of UH is to grow its portfolio of sponsored research, identify those discoveries that have promising commercial potential, and develop and take those inventions to market. This process of moving ideas from the laboratory bench to the commercial markets is generally referred to as "technology transfer."

Technology transfer emanating from UH research benefits the state in several ways: by diversifying employment opportunities in the state; by creating a more robust "innovation" sector of the economy; by introducing better performing products, devices, or methods to the public; and by providing a potential economic return to the public resources committed to UH.

Technology transfer occurs throughout the nation at other universities. It is vital that UH remains competitive with its peer institutions in attracting extramural research funds, in attracting or retaining talented faculty and researchers, and in offering instruction and curriculum for those students or faculty wishing commercialize research. Other states have enacted exemptions or carve-outs from their respective Ethics Code to address this reality.

In order to successfully commercialize the research discoveries, UH and its faculty inventors often need to partner with people or organizations in the private sector that possess the skill, know-how, entrepreneurial experience and resources, including access to capital. In joint public-private ventures, the private parties will share in any new economic value created by the commercialization.

A significant deterrent for full participation by interested parties, however, is whether such technology transfer activities at UH are permissible under the State Ethics Code, because such technology transfer activities might be viewed as impermissibly using public resources to promote a private business or to confer upon the UH faculty inventor – who is also a state employee -- an unfair, personal benefit.

The University of Hawai'i currently enjoys a productive, professional relationship with the Ethics Commission staff. However, it is too important to leave the treatment of UH technology transfer under the Ethics Code to the personal/professional relationships that currently exist.

The University of Hawai'i strongly prefers that state government support for UH technology transfer activities be more forthright, transparent and more permanently set forth in appropriate legislation. This measure provides clear guidance to UH, to its faculty and research staff, and to potential private partners by exempting technology transfer activities from selected provisions of the State Ethics Code.

Thank you for the opportunity to testify in support.