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# A BILL FOR AN ACT

RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF  
HAWAII.

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

1           SECTION 1. The legislature finds that the research  
2 corporation of the University of Hawaii, a public  
3 instrumentality of the State that is administratively attached  
4 to the University of Hawaii, was established in 1965 for the  
5 purposes of promoting, encouraging, initiating, developing, and  
6 conducting scientific research and investigation in all branches  
7 of learning, and disseminating to the public, the benefits of  
8 such research and investigation.

9           To promote cooperative research projects with private firms  
10 and persons, the legislature at the time granted the research  
11 corporation of the University of Hawaii with flexibility in the  
12 hiring of its personnel and the handling and disbursement of  
13 moneys by exempting it from state laws relating to reimbursement  
14 of special funds to the state general funds; advertisement for  
15 bids and purchases to be made in Hawaii whenever public moneys  
16 are expended; civil service; compensation; and public



1 employment. The legislature finds, however, that over the  
2 years, the research corporation of the University of Hawaii has  
3 gradually expanded its undertakings into areas beyond its  
4 original eponymous purpose, and the benefits of the exemptions  
5 from statutory requirements have been extended to apply beyond  
6 what was originally intended by the legislature. For example,  
7 the research corporation's current website provides that one of  
8 its missions is to "support and enhance . . . development" in  
9 Hawaii.

10 The purpose of this Act is to clarify that the purpose of  
11 the research corporation of the University of Hawaii is to  
12 promote educational, scientific, and literary pursuits through  
13 research, training of research personnel, and dissemination of  
14 knowledge by publication of research findings, and its  
15 undertakings shall be limited to acts that are reasonably  
16 necessary to carry out this purpose.

17 SECTION 2. Section 304A-112, Hawaii Revised Statutes, is  
18 amended to read as follows:

19 "[+]§304A-112[+] **Contracts for services provided by the**  
20 **research corporation of the University of Hawaii.** (a)

21 Notwithstanding any law to the contrary, when the university



1 determines that neither the university nor another state agency  
2 can more effectively or efficiently accomplish the purposes of  
3 the sponsored research and training activities, the university  
4 shall contract with the research corporation of the University  
5 of Hawaii established under section [†]304A-3001[†] to provide  
6 management and other services as described in subsection (b) to  
7 support the university's research and training activities.

8 Contracts by the university with the research corporation  
9 pursuant to this section shall be limited to sponsored research  
10 and training projects; except that ~~[university projects~~  
11 ~~supported by]~~ funds appropriated by the legislature may also be  
12 contracted to the research corporation ~~[pursuant to rules~~  
13 ~~adopted by the board of regents.]~~ for purposes of supporting or  
14 facilitating sponsored research and training activities or for  
15 advancing innovation and entrepreneurship in the State.

16 (b) Management and other support services provided by the  
17 research corporation pursuant to this section may include:

- 18 (1) The procurement of goods and services;  
19 (2) Employment of personnel; and  
20 (3) The provision of advance funding for research and  
21 training contracts and grants.



1 These services may be provided by the corporation to the  
2 university without regard to chapter 76, 78, 89, or 103D.

3 (c) For each state project or program involving the  
4 research corporation and each project or program involving the  
5 research corporation and a state employee, the university shall  
6 consult with the exclusive representative of the appropriate  
7 bargaining unit to review conformance of positions with  
8 exceptions to collective bargaining. The corporation shall not  
9 supplant civil service employees, and if any civil service  
10 employees or programs actively employ civil service employees,  
11 the corporation shall provide justification to the governor for  
12 each civil service position accepted, list the program affected  
13 in its next report to the legislature, and obtain approval from  
14 the governor prior to hiring."

15 SECTION 3. Section 304A-3001, Hawaii Revised Statutes, is  
16 amended to read as follows:

17 **"[+]§304A-3001[+] Establishment of the research**  
18 **corporation; purpose.** (a) There is established as a body  
19 corporate, the research corporation of the University of Hawaii.  
20 The research corporation shall be a public instrumentality and



1 shall be a part of the University of Hawaii for administrative  
2 purposes pursuant to section 26-35.

3 (b) The purposes of the research corporation shall  
4 ~~[include, but not be limited to,]~~ be the promotion of ~~[all]~~  
5 educational, scientific, and literary pursuits ~~[by:]~~ through  
6 the:

7 (1) ~~[Encouraging, initiating, aiding, developing, and~~  
8 ~~conducting training,]~~ Conduct of research~~[, and study]~~  
9 in the physical, biological, and social sciences~~[,]~~;  
10 humanities~~[,]~~; and all other branches of learning;

11 (2) ~~[Encouraging and aiding in the education and]~~  
12 Provision of training ~~[of persons for the conduct of~~  
13 ~~the training, investigations, research, and study;]~~ to  
14 individuals engaged in the conduct of research; and

15 ~~[-(3)- Furnishing of means, methods, and agencies by which~~  
16 ~~the training, investigation, research, and study may~~  
17 ~~be conducted;]~~

18 ~~-(4)- Assisting in the dissemination of knowledge by~~  
19 ~~establishing, aiding, and maintaining professorships~~  
20 ~~or other staff positions, fellowships, scholarships,~~  
21 ~~publications, and lectures;]~~



~~(5) Engaging in other means of making the benefits of training, investigations, research, and study available to the public; and~~

~~(6) Taking any and all other actions reasonably designed to promote these purposes in the interest of promoting the general welfare of the people of the State.]~~

(3) Dissemination of knowledge by the publication of research findings."

SECTION 4. Section 304A-3003, Hawaii Revised Statutes, is amended to read as follows:

**"[~~§~~304A-3003~~]~~ Powers of the research corporation. (a)**

The research corporation, under the direction of the board of directors, shall have the following general powers:

(1) To adopt, amend, and repeal bylaws governing the conduct of its business and the exercise of the powers and performance of duties granted to or imposed upon it by law;

(2) To sell, lease, rent, hold, maintain, use, and operate any property, real, personal, or mixed, tangible or intangible, in accordance with the conditions under which it was received;



1           (3) To enter into and perform [~~such~~] contracts, leases,  
2           cooperative agreements, or other transactions with the  
3           university or any other agency or political  
4           subdivision of the State, any private person, firm,  
5           partnership, association, company, or corporation,  
6           only [~~as it may be~~] when the board of directors  
7           determines that doing so is necessary in the conduct  
8           of [its] the research corporation's business of  
9           research, training of research personnel, and  
10          publication of research findings, and only on [such]  
11          terms [as it may deem] that the board of directors  
12          deems reasonable and appropriate; provided that the  
13          research corporation shall not obligate any funds of  
14          the State except those that have been appropriated to  
15          it.

16                Notwithstanding the foregoing, the research  
17          corporation may enter into and perform [~~such~~]  
18          contracts, leases, cooperative agreements, or other  
19          transactions with any agency or instrumentality of the  
20          United States, a foreign nation, a state, a territory,  
21          or a possession, or with any political subdivision



1           thereof, for research, training of research personnel,  
2           or publication of research findings, whenever the  
3           donating or granting agency or instrumentality  
4           determines and documents that the university or any  
5           other agency of the State cannot [~~as effectively and~~  
6           ~~efficiently~~] accomplish the purposes for which such  
7           contracts, leases, cooperative agreements, or other  
8           transactions are being entered into; provided that the  
9           research corporation shall not obligate any funds of  
10          the State except those that have been appropriated to  
11          it;

12          (4) To receive by gifts, grants, devises, bequests, or  
13          otherwise from private sources only, any property,  
14          real, personal, or mixed, intangible or tangible,  
15          absolutely or in trust, to be used and disposed of,  
16          either the principal or the income therefrom, in  
17          accordance with the conditions under which it was  
18          received; except that no gift to the research  
19          corporation shall be accepted unless approved [~~or~~  
20          ~~confirmed~~] by the board of directors[~~-~~] as a gift that  
21          is beneficial to the research corporation's business





1        of research, training of research personnel, and  
2        publication of research findings.

3                Notwithstanding the foregoing, the research  
4        corporation may receive gifts, grants, or awards from  
5        any agency or instrumentality of the United States, a  
6        foreign nation, a state, a territory, or a possession,  
7        or from any political subdivision thereof, whenever  
8        the donating or granting agency or instrumentality  
9        determines and documents that the university or any  
10       other agency of the State cannot [~~as effectively and~~  
11       ~~efficiently~~] accomplish the purposes for which the  
12       gifts, grants, or awards are being made, except that  
13       no gift to the research corporation shall be accepted  
14       unless approved [~~or confirmed~~] by the board of  
15       directors[+] as a gift that is beneficial to the  
16       research corporation's business of research, training  
17       of research personnel, and publication of research  
18       findings;

19        (5) To have a corporate seal;

20        (6) To sue and be sued in its own name;



(7) To serve as trustee or beneficiary under terms of any gift, indenture, or will;

(8) To apply for, take out, receive by purchase or gift, hold, administer, and dispose of copyrights, patent rights, licenses, assignments of inventions, discoveries, processes, and other property, rights or interests therein, and the income thereof, absolutely or subject to such conditions or trusts as may be attached thereto or be imposed thereon, and to obligate itself to perform and execute any and all such conditions or trusts;

(9) To conduct research, studies, experiments, investigations, and tests in ~~[all fields of knowledge;]~~ the physical, biological, and social sciences; humanities; and all other branches of learning;

(10) ~~[to]~~ To promote and develop the scientific and commercial value of inventions, discoveries, and processes; and to make~~[, publish, and distribute]~~ available to the public the results thereof;



1       ~~[(+10)]~~ (11) To coordinate and correlate activities and  
2               projects of the research corporation with the work of  
3               state agencies for the purpose of ~~[relating]~~  
4               correlating research work ~~[to]~~ with the economic  
5               development of the State whenever ~~[practical or~~  
6               ~~desirable;]~~ the board of directors determines and  
7               documents that doing so serves the purposes of the  
8               research corporation as set forth in section  
9               304A-3001;

10       ~~[(+11)]~~ (12) To stimulate and promote cooperative research  
11               projects and activities;

12       ~~[(+12)]~~ (13) To ~~[establish and maintain, or to assist in~~  
13               ~~establishing and maintaining,]~~ :

14               (A) Assist the university's employment of research  
15               personnel;

16               (B) Assist in the university's establishment and  
17               maintenance of research scholarships, ~~[r]~~ and  
18               research fellowships, ~~[, and professorships, and~~  
19               ~~other staff positions for the purpose of aiding~~  
20               ~~in the acquisition and dissemination of~~  
21               ~~knowledge];~~ and ~~[to]~~



1            (C) As an agent of the university, enter into  
2            agreements or contracts with other corporations,  
3            organizations, institutions, or persons for ~~[this~~  
4            ~~purpose]~~ the purposes of this paragraph and to  
5            pay the necessary and appropriate expenses  
6            therefor;

7        ~~[(+13)]~~ (14) To prepare~~[, print, or]~~ and publish in any  
8            ~~[manuscript, research article, report, study,~~  
9            ~~discussion, reference, collection, or any pictorial or~~  
10           ~~schematic representation or group or collection~~  
11           ~~thereof, whether it]~~ form, any research finding that  
12           belongs to or is the work of any state agency or its  
13           employees, ~~[or]~~ the university or ~~[one of]~~ its faculty  
14           members or employees, ~~[or]~~ the research corporation or  
15           its employees, or a contractor of the research  
16           corporation. The ~~[printing or]~~ preparation and  
17           publication of research findings may be accomplished  
18           through whatever person, company, or agency is deemed  
19           most appropriate by the board of directors; ~~[and]~~

20        (15) To retain contracts related to invasive species  
21        control and eradication;



1        (16) To allow minor renovation projects in support of  
2                    research and training; provided that minor projects  
3                    shall not exceed \$2,000,000 in cost; and

4        [~~(14)~~] (17) To do any or all other acts reasonably necessary  
5                    to carry out the [~~objects and~~] purposes of the  
6                    research corporation [~~and the university.~~] set forth  
7                    in section 304A-3001.

8        (b) For the purposes of this section, "research personnel"  
9        means any individual who is classified by the university or the  
10       hiring entity as a research worker, spends the majority of work  
11       hours engaged in the conduct of research, and receives  
12       compensation as a research worker."

13       SECTION 5. Section 304A-3005, Hawaii Revised Statutes, is  
14       amended to read as follows:

15       **"§304A-3005 Research corporation excepted from certain**  
16       **state laws. (a)** To carry out the purposes [~~and objectives~~] of  
17       the research corporation[~~, including the conduct of research and~~  
18       ~~training projects,~~] set forth in section 304A-3001, the research  
19       corporation shall be granted flexibility in the hiring of its  
20       personnel and [~~in~~] the handling and [~~disbursing~~] disbursement of  
21       moneys by being excepted from the following state laws:



(1) Sections 36-27 and 36-30, relating to special fund reimbursements to the state general fund;

(2) Chapter 103D, relating to advertising for bids and purchases to be made in Hawaii whenever public moneys are expended; provided that the exception shall not apply to bids and purchases of goods and services that are not used for research, training of research personnel, or publication of research findings;

~~[(3) Chapter 103D with respect to construction contracts; provided that the exception shall not apply where state funds are used and compliance with chapter 103D is required by a bill enacted by the legislature;~~

~~+(4)]~~ (3) Chapter 76, relating to civil service; and

~~+(5)]~~ (4) Section 78-1, relating to public employment.

(b) For the purposes of this section, "research personnel" means any individual who is classified by the university or the hiring entity as a research worker, spends the majority of work hours engaged in the conduct of research, and receives compensation as a research worker."

SECTION 6. Section 304A-3010, Hawaii Revised Statutes, is amended to read as follows:



1        "[+]§304A-3010[+] Special account[-]; revolving accounts;  
2 internal service orders. (a) Notwithstanding any other law to  
3 the contrary, the research corporation shall be authorized to  
4 set up a special account for depositing moneys received from  
5 either public or private contracts, or from private or public  
6 grants, awards, or gifts. The provisions of section [+]304A-  
7 2003[+] and other laws to the contrary notwithstanding, this  
8 special account may be used to receive, disburse, and account  
9 for funds of research and training projects of the University of  
10 Hawaii, other state agencies, and political subdivisions of the  
11 State. All disbursements shall be drawn on the special account  
12 upon checks prepared and signed, as approved by the executive  
13 director and some other person authorized by the board of  
14 directors.

15        (b) Any revolving accounts held by the research  
16 corporation shall follow all laws governing the body and  
17 policies set forth by the corporation. The research corporation  
18 shall also follow administrative procedures, AP 12.204, relating  
19 to the guidelines and procedures for revolving fund service  
20 orders to the research corporation. Within thirty days of the  
21 adoption of any amendment to administrative procedures, AP



1 12.204, by the University of Hawaii and the research  
2 corporation, the University of Hawaii shall submit a report to  
3 the legislature containing the amended language and a summary of  
4 the amendment.

5 (c) All internal service orders and revolving accounts of  
6 the research corporation that involve the use of University of  
7 Hawaii intramural funds shall be reported to the legislature for  
8 financial and mission compliance according to University of  
9 Hawaii and research corporation policies on a biannual basis.  
10 The University of Hawaii and the research corporation shall  
11 review and approve all revolving accounts on an annual basis."

12 SECTION 7. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

14 SECTION 8. If any provision of this Act, or the  
15 application thereof to any person or circumstance, is held  
16 invalid, the invalidity does not affect other provisions or  
17 applications of the Act that can be given effect without the  
18 invalid provision or application, and to this end the provisions  
19 of this Act are severable.

20 SECTION 9. This Act shall take effect on July 1, 2050;  
21 provided that the amendments made to section 304A-3003, Hawaii





1 Revised Statutes, by section 4 of this Act shall apply only to  
2 contracts entered into by the research corporation of the  
3 University of Hawaii after June 30, 2022.



**Report Title:**

Research Corporation of the University of Hawaii; Purpose;  
Powers; Exemptions; Contract for Service

**Description:**

Clarifies that the purpose of the Research Corporation of the University of Hawaii is to promote educational, scientific, and literary pursuits through research, training of research personnel, and dissemination of knowledge by publication of research findings; and its undertakings shall be limited to acts that are reasonably necessary to carry out this purpose. Requires revolving accounts to follow Corporation policies. Grandfathers existing Research Corporation of the University of Hawaii contracts and requires new contracts be subject to new limitations following enactment of this measure. Defines minor renovation projects permissible in support of research and training. Requires biannual reports to the Legislature regarding internal service orders and revolving accounts of the Research Corporation of the University of Hawaii that utilize University of Hawaii intramural funds for financial and mission compliance. Authorizes the Research Corporation of the University of Hawaii to conduct minor renovation projects at costs of \$2 million or less. Effective 7/1/2050. (SD2)

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

