
SENATE BILL 5808

State of Washington 64th Legislature 2015 Regular Session

By Senators Habib, Becker, Ranker, Lias, McAuliffe, Keiser,
Hasegawa, and Frockt

Read first time 02/03/15. Referred to Committee on Health Care.

1 AN ACT Relating to cancer research; reenacting and amending RCW
2 43.79A.040; adding a new section to chapter 82.24 RCW; adding new
3 sections to chapter 82.26 RCW; adding a new chapter to Title 43 RCW;
4 creating new sections; providing an effective date; and declaring an
5 emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** FINDINGS AND INTENT. (1) The legislature
8 finds the following:

9 (a) Cancer is the leading cause of death in Washington and is the
10 leading cause of childhood mortality due to disease. Many of our
11 state's high rates of cancer can be prevented and treated,
12 particularly if detected early and patients have access to the most
13 effective care. Washington has an existing infrastructure of world-
14 class cancer research and care centers for children and adults that
15 can develop and apply new techniques for the prevention of cancer and
16 care of cancer patients throughout Washington;

17 (b) Sustained investment in cancer research, prevention, and care
18 is critical to reducing long-term health costs, saving lives, and
19 relieving pain and suffering. Unfortunately, federal funding and
20 private philanthropy are not sufficient to support and advance cancer

1 research, prevention, and care, and the lack of state funding further
2 worsens critical gaps;

3 (c) Promoting the health of state residents is a fundamental
4 purpose of state government. It is a clear public purpose and
5 governmental function to promote cancer research and prevention and
6 to improve the quality and delivery of cancer care for the people of
7 Washington, and to enhance the competitive position of Washington
8 state in this vital sector of the economy; and

9 (d) With additional public resources deposited to a fund
10 dedicated exclusively to cancer research, the fund to fight cancer
11 authority will provide sustained investment in cancer research and
12 the development of vital tools for cancer prevention and care that
13 are available throughout the state.

14 (2) It is the intent of the legislature in enacting this act to:

15 (a) Optimize the use of public funds by giving priority to
16 research utilizing the best science and technology with the greatest
17 potential to improve health outcomes and leveraging the sizeable
18 existing investment in facilities and research talent, as well as
19 clinical and therapeutic resources, in Washington;

20 (b) Protect and benefit Washington taxpayers by funding proposals
21 for cancer research that are reviewed by an independent scientific
22 panel subject to established ethical standards and procedures that
23 yield fair, equitable, informed, and unbiased consideration; by
24 reducing future state health care costs; and by providing an
25 opportunity for the state to benefit from royalty, sales, or
26 licensing revenue, or other commercialization-related revenue that
27 results from the research;

28 (c) Require strict fiscal and public accountability through
29 mandatory independent audits, transparent review processes and
30 consideration of funding proposals, open public meetings and
31 hearings, and annual reports to the public; and

32 (d) Grow the Washington economy by creating jobs and encouraging
33 investments that will generate new tax revenues in our state, and
34 advance the biotech, medical device, and health care information
35 technology industries in Washington to world leadership, as an
36 economic engine for Washington's future.

37 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this
38 section apply throughout this chapter unless the context clearly
39 requires otherwise.

- 1 (1) "Authority" means the fund to fight cancer authority created
2 in this chapter.
- 3 (2) "Board" means the governing board of trustees of the
4 authority.
- 5 (3) "Cancer" means a group of diseases involving unregulated cell
6 growth.
- 7 (4) "Cancer patient advocacy organizations" means groups with
8 offices in the state that promote cancer prevention and advocate on
9 behalf of cancer patients.
- 10 (5) "Cancer research" means advanced and applied research and
11 development relating to the causes, prevention, and diagnosis of
12 cancer and care of cancer patients including the development of
13 tests, genetic analysis, medications, processes, services, and
14 technologies to optimize cancer therapies and their manufacture and
15 commercialization and includes the costs of recruiting scientists and
16 establishing and equipping research facilities.
- 17 (6) "Commercial entity" means a for-profit entity located in the
18 state that develops, manufactures, or sells goods or services
19 relating to cancer prevention or care.
- 20 (7) "Committee" means an independent expert scientific review and
21 advisory committee established pursuant to section 4 of this act.
- 22 (8) "Contribution agreement" means any agreement authorized under
23 this chapter in which a private entity or a public entity other than
24 the state agrees to provide to the authority contributions for the
25 purpose of cancer research, prevention, or care.
- 26 (9) "Costs" means the costs and expenses associated with the
27 conduct of research, prevention, and care including, but not limited
28 to, the cost of recruiting and compensating personnel, securing and
29 financing facilities and equipment, and conducting clinical trials.
- 30 (10) "Fund to fight cancer" means the fund created in section 9
31 of this act.
- 32 (11) "Genetic analysis" means the use of DNA/RNA/protein
33 sequencing methods to define potential mutations or patterns to
34 assist prescribing physicians in determining anticancer medications
35 or treatments that can be utilized to optimize cancer therapies.
- 36 (12) "Health care delivery system" means hospitals and clinics
37 providing care to patients in the state.
- 38 (13) "Life sciences research" means advanced and applied research
39 and development intended to improve human health, including
40 scientific study of the developing brain and human learning and

1 development, and other areas of scientific research and development
2 vital to the state's economy.

3 (14) "Nonprofit cancer research institution" means a nonprofit
4 institution located in the state that conducts cancer research.

5 (15) "Prevention" means measures to prevent the development and
6 progression of cancer, including education, vaccinations, and
7 screening processes and technologies, and to reduce the risk of
8 cancer.

9 (16) "Public employee" means any person employed by the state of
10 Washington or any agency or political subdivision thereof.

11 (17) "Public facilities" means any public institution, public
12 facility, public equipment, or any physical asset owned, leased, or
13 controlled by the state of Washington or any agency or political
14 subdivision thereof.

15 (18) "Public funds" means any funds received or controlled by the
16 state of Washington or any agency or political subdivision thereof
17 including, but not limited to, funds derived from federal, state, or
18 local taxes, gifts or grants from any source, public or private,
19 federal grants or payments, or intergovernmental transfers.

20 NEW SECTION. **Sec. 3.** FUND TO FIGHT CANCER AUTHORITY. (1) The
21 fund to fight cancer authority is created and constitutes a public
22 instrumentality and agency of the state, separate and distinct from
23 the state, exercising public and essential governmental functions.

24 (2)(a) The powers of the authority are vested in and must be
25 exercised by a board of trustees consisting of thirteen members
26 appointed by the governor. Except as set forth in (a)(viii) of this
27 subsection, the trustees of the board of the authority must be
28 replaced with trustees appointed as follows:

29 (i) Two trustees must be appointed from nominations submitted by
30 the presidents of the University of Washington and Washington State
31 University;

32 (ii) Two trustees must be appointed from nominations submitted by
33 the Fred Hutchinson cancer research center, Seattle cancer care
34 alliance, and the Seattle children's research institute;

35 (iii) Two trustees must be appointed from nominations submitted
36 by patient advocacy organizations;

37 (iv) Two trustees must be appointed from nominations submitted by
38 entities or systems that provide health care delivery services;

1 (v) One trustee must be appointed from a list of at least three
2 nominated by the speaker of the house of representatives;

3 (vi) One trustee must be appointed from a list of at least three
4 nominated by the majority leader of the senate;

5 (vii) One trustee must be appointed from nominations submitted by
6 any health sciences and services authority established under chapter
7 35.104 RCW;

8 (viii) The remaining two trustees must be members of the public
9 appointed by the governor, one of whom must be appointed by the
10 governor as chair of the authority and who must serve on the
11 authority and as chair of the authority at the pleasure of the
12 governor.

13 (b) In soliciting nominations and appointing trustees, the
14 governor must seek to identify individuals from throughout the state
15 having relevant knowledge, experience, and expertise with regard to
16 (i) cancer research, prevention, and care; (ii) health care consumer
17 issues; (iii) government finance and budget; and (iv) the life
18 sciences commercial sector. In soliciting nominations and appointing
19 trustees, the governor must seek individuals who will contribute to
20 the geographic diversity of the board, with the goal that at least
21 five board members be from counties with a population less than one
22 million persons. The initial appointees under this act must be
23 appointed on or before July 1, 2016.

24 (c) The term of the trustees, other than the chair, is four years
25 from the date of their appointment. A trustee may be appointed to not
26 more than two full consecutive terms. A trustee appointed by the
27 governor may be removed by the governor for cause under RCW 43.06.070
28 and 43.06.080. The appropriate official must fill any vacancy on the
29 board by appointment for the remainder of the unexpired term. The
30 trustees may not be compensated but may be reimbursed, solely from
31 the funds of the authority, for expenses incurred in the discharge of
32 their duties under this chapter, subject to RCW 43.03.050 and
33 43.03.060.

34 (3) Seven members of the board constitute a quorum.

35 (4) The trustees must elect a treasurer and secretary annually,
36 and other officers as the trustees determine necessary, and may adopt
37 bylaws or rules for their own government.

38 (5) Meetings of the board must be held in accordance with the
39 open public meetings act, chapter 42.30 RCW, and at the call of the
40 chair or when a majority of the trustees so requests. Meetings of the

1 board may be held at any location within or out of the state, and
2 trustees may participate in a meeting of the board by means of a
3 conference telephone or similar communication equipment under RCW
4 23B.08.200.

5 (6) The authority is subject to audit by the state auditor.

6 (7) The attorney general must advise the authority and represent
7 it in all legal proceedings.

8 NEW SECTION. **Sec. 4.** INDEPENDENT EXPERT SCIENTIFIC COMMITTEES
9 RELATED TO THE FUND TO FIGHT CANCER. (1) In addition to any advisory
10 boards the authority determines to establish under RCW 43.350.030(7),
11 the authority must establish one or more independent expert
12 scientific review and advisory committees for the purposes of: (a)
13 Soliciting and evaluating grant proposals for cancer research and
14 recommending grants to be made from the fund to fight cancer; (b)
15 advising the authority during the development and review of its
16 strategic plans for cancer research; (c) advising the authority on
17 scientific and other matters in furtherance of the cancer research
18 purposes of this act; (d) advising the authority on the recruitment
19 of scientists in the fields of cancer research, prevention, and
20 treatment; and (e) advising the authority regarding a statewide
21 program for the genetic analysis of patient tumors to optimize cancer
22 therapies.

23 (2) A committee to solicit and evaluate grant proposals for
24 cancer research and recommend grants to be made from the fund to
25 fight cancer is created and must consist of eleven individuals or
26 such larger number as the board determines, with nationally
27 recognized expertise in the scientific, clinical, ethical,
28 commercial, and regulatory aspects of cancer research, prevention,
29 and care. A majority of the committee must reside out of the state.
30 The board must appoint members of the committee. The committee must
31 report to the board. Preliminary review of grant proposals may be
32 made by a panel of such committee or an independent contractor chosen
33 by the board upon recommendation of the committee, but all
34 recommendations for grants to be made from the fund to fight cancer
35 may be made only upon majority vote of the committee. A
36 recommendation to the board by the committee to fund a grant proposal
37 must be approved by the board unless the recommendation is rejected
38 by a two-thirds vote of the entire board.

1 NEW SECTION. **Sec. 5.** AUTHORITY—TRUST POWERS. In addition to
2 other powers and duties prescribed in this chapter, the authority is
3 empowered to:

4 (1) Use public moneys in the fund to fight cancer, leveraging
5 those moneys with amounts received from other public and private
6 sources in accordance with contribution agreements, to promote life
7 sciences research including funding costs of cancer research and the
8 administrative costs of the authority;

9 (2) Use amounts in the fund to fight cancer derived from the
10 taxes authorized by this act and other amounts deposited therein to
11 fund the costs of cancer research and the related administrative
12 costs of the authority. However, an aggregate amount equal to not
13 more than five percent of the amount available to fund cancer
14 research pursuant to this act may be used to pay administrative costs
15 of the authority allocable to cancer research, prevention, and care,
16 including the oversight of the grant-making process and the
17 operations of the board and the committee;

18 (3) Solicit and receive gifts, grants, and bequests, and enter
19 into contribution agreements with private entities and public
20 entities, including commercial entities, in order to use those moneys
21 to fund the costs of cancer research, prevention, and care. Nonstate
22 moneys received by the authority for the purpose of cancer research
23 must be deposited in the fund to fight cancer created in section 9 of
24 this act;

25 (4) Hold funds received by the authority for deposit in the fund
26 to fight cancer exclusively in trust dedicated, pursuant to this act,
27 to promote cancer research;

28 (5) Manage its funds, obligations, and investments as necessary
29 and as consistent with its purpose including the segregation of
30 revenues into separate funds and accounts;

31 (6)(a) Make grants to public and private entities, including
32 commercial entities, to fund or reimburse the entities pursuant to
33 contract for the promotion of life sciences research or for cancer
34 research to be conducted in the state. Grant agreements must specify
35 deliverables to be provided by the recipient pursuant to the grant.
36 The authority must solicit requests for funding and evaluate the
37 requests by reference to factors such as: (i) The quality of the
38 proposed research or program; (ii) its potential to improve health
39 outcomes, with particular attention to the likelihood that it will
40 also lower health care costs, substitute for a more costly diagnostic

1 or treatment modality, or offer a breakthrough treatment for a
2 particular disease or condition or cancer; (iii) its potential for
3 leveraging additional funding; (iv) its potential to provide health
4 care benefits or benefit human learning and development; (v) its
5 potential to stimulate cancer prevention and health care delivery,
6 biomedical manufacturing, and related employment in the state; (vi)
7 the geographic diversity of the grantees within Washington; (vii)
8 evidence of potential royalty, sales, or licensing revenue, or other
9 commercialization-related revenue and contractual means to recapture
10 such income for purposes of this chapter; and (viii) evidence of
11 public and private collaboration.

12 (b) Grant agreements must set forth the terms and conditions of
13 the grant and must include, but not be limited to: (i) Deliverables
14 to be provided by the recipient pursuant to the grant; (ii) the
15 circumstances under which the grant amount would be required to be
16 repaid or the circumstances under which royalty, sales, or licensing
17 revenue, or other commercialization-related revenue would be required
18 to be shared; and (iii) indemnification, dispute resolution, and any
19 other terms and conditions as are customary for grant agreements or
20 are deemed reasonable by the board. The authority may negotiate with
21 any grantee the costs associated with performing scientific
22 activities funded by grants;

23 (7) Create one or more permanent or ad hoc advisory boards
24 composed of scientists, clinicians, industrialists, and others
25 familiar with life sciences research or cancer research, prevention,
26 and care; and

27 (8) Adopt policies and procedures to facilitate the orderly
28 process of grant application, review, and reward.

29 NEW SECTION. **Sec. 6.** **AUTHORITY—GENERAL POWERS.** The authority
30 has all the general powers necessary to carry out its purposes and
31 duties and to exercise its specific powers. In addition to other
32 powers specified in this chapter, the authority may: (1) Sue and be
33 sued in its own name; (2) make and execute agreements, contracts, and
34 other instruments, with any public or private person or entity,
35 including commercial entities, in accordance with this chapter; (3)
36 employ, contract with, or engage independent counsel, financial
37 advisors, auditors, other technical or professional assistants, and
38 such other personnel as are necessary or desirable to implement this
39 chapter; (4) establish such special funds, and controls on deposits

1 to and disbursements from them, as it finds convenient for the
2 implementation of this chapter; (5) enter into contracts with public
3 and private entities, including commercial entities, for cancer
4 research, prevention, or care to be conducted in the state, including
5 interagency contracts for administrative or other services; (6) adopt
6 rules, consistent with this chapter; (7) delegate any of its powers
7 and duties if consistent with the purposes of this chapter; (8)
8 exercise any other power reasonably required to implement the
9 purposes of this chapter; (9) hire staff and pay administrative
10 costs; and (10) advance funds to defray charges for materials to be
11 furnished or services to be rendered by grant recipients pursuant to
12 authority rule permitting advances, in amounts no greater than the
13 estimated charges, where the advances would be in the best interests
14 of the authority.

15 NEW SECTION. **Sec. 7.** FUND TO FIGHT CANCER PLAN AND STANDARDS.

16 (1) The board must develop a plan for the allocation of projected
17 amounts in the fund to fight cancer, which it must update annually,
18 following at least one annual public hearing. The plan must provide
19 for appropriate funding continuity and take into account the
20 projected speed at which revenues will be available and amounts that
21 can be spent during the plan period.

22 (2) Allocation targets must be developed in the plan for funding
23 targeted to pediatric cancer research. The plan with respect to
24 funding cancer research must seek to provide that no less than ten
25 percent of the funding is granted to areas outside the Puget Sound
26 region in part to build and diversify research capacity. However, all
27 grants for research meet the highest standards for scientific
28 research and are based on ethical standards and procedures that yield
29 fair, equitable, informed, and unbiased consideration.

30 (3) The authority must issue an annual report to the public that
31 sets forth its activities with respect to the fund to fight cancer,
32 including grants awarded, grant-funded work in progress, research
33 accomplishments, prevention, and care activities, and future program
34 directions with respect to cancer research, prevention, and care.
35 Each annual report regarding activities with respect to the fund to
36 fight cancer must include, but not be limited to, the following: The
37 number and dollar amounts of grants; the grantees for the prior year;
38 the authority's administrative expenses; an assessment of the
39 availability of funding for cancer research, prevention, and care

1 from sources other than the authority; a summary of research,
2 prevention, and care-related findings, including promising new areas
3 for investment; and a report on the benefits to Washington of its
4 programs to date.

5 (4) The authority must include as an addendum to the first annual
6 report, a proposed operating plan for the design, implementation, and
7 administration of an endowment program supporting the purposes of the
8 authority. The authority must submit the operating plan to the
9 governor, the legislature, and the stakeholders of the authority at
10 the time the first annual report is published.

11 (5) Periodically, but not less often than every three years, the
12 authority must conduct a request for proposals and retain the
13 services of an independent auditor with experience in performance
14 auditing of research granting entities similar to the authority. The
15 independent auditor must review the strategic plan of the authority
16 for the allocation of projected amounts in the fund to fight cancer
17 and its performance against such plan and publish a report assessing
18 the performance of the authority. The independent auditor must make
19 recommendations to the authority, the governor, and the legislature
20 regarding improvements to the authority's performance for the
21 allocation of projected amounts in the fund to fight cancer. The
22 authority must hold at least one public hearing at which the results
23 of each audit are presented and discussed.

24 (6) The authority must establish standards for grants made from
25 the fund to fight cancer that may require that contracts for cancer
26 research, prevention, or care contain provisions that balance the
27 opportunity of the state or its public universities to derive benefit
28 from the intellectual or tangible property that result from cancer
29 research, prevention, or care activities performed subject to this
30 act with the need to assure that essential research is not
31 unreasonably hindered.

32 (7) It is essential that the personal interests of authority
33 trustees, staff, and agents do not impede their judgment or
34 compromise their objectivity. Even the perception of a conflict of
35 interest has the potential to erode the public's confidence in the
36 authority's work. The authority must adopt policies to ensure that
37 all potential conflicts have been disclosed and that all conflicts
38 have been eliminated or mitigated.

39 (8) The authority must establish standards to ensure that
40 recipients of grants for cancer research, prevention, or care

1 purchase goods and services from Washington suppliers to the extent
2 reasonably possible.

3 NEW SECTION. **Sec. 8.** LIMITATION OF LIABILITY. Members of the
4 board and persons acting on behalf of the authority, while acting
5 within the scope of their employment or agency, are not subject to
6 personal liability resulting from carrying out the powers and duties
7 conferred on them under this chapter. Neither the state nor the
8 authority is liable for any loss, damage, harm, or other consequence
9 resulting directly or indirectly from grants made by the authority or
10 cancer research, prevention, or care funded by such grants.

11 NEW SECTION. **Sec. 9.** FUND TO FIGHT CANCER. (1) The fund to
12 fight cancer is created as a special trust fund in the custody of the
13 state treasurer. This special trust fund is of a proprietary nature,
14 and is held and dedicated exclusively for the specific purpose of
15 funding cancer research as provided in this act. An appropriation is
16 not required for expenditures from or payment of obligations of the
17 fund to fight cancer pursuant to this act.

18 (2) The board must develop and approve an annual budget for the
19 expenditure of funds on deposit in the fund to fight cancer. Only the
20 board or the board's designee may authorize expenditures from the
21 fund pursuant to its annual budget.

22 (3) In years one through four of the fund to fight cancer, the
23 amount to be deposited under this section must be the amount
24 necessary to offset the state revenue decrease directly resulting
25 from imposition of the additional taxes imposed by sections 10 and 11
26 of this act, determined as follows: (a) The department of revenue
27 must determine within one year of the effective date of this section,
28 and twice annually thereafter, the effect that the additional tax
29 imposed on cigarettes by section 10 of this act, and the additional
30 taxes on tobacco products imposed by section 11 of this act, have on
31 the consumption of cigarettes and tobacco products in this state; and
32 (b) to the extent that a decrease in consumption is determined by the
33 department of revenue to be a direct result of the additional tax
34 imposed by section 10 of this act, or a direct result on the
35 additional taxes on tobacco products imposed by section 11 of this
36 act, the department of revenue must determine the fiscal effect the
37 decrease in consumption has on state revenues and must certify to the
38 board the amount of the fiscal effect, together with supporting

1 documentation, for the board's acceptance, which acceptance may not
2 be unreasonably withheld.

3 (4) The following must be deposited into the fund to fight
4 cancer: (a) The taxes authorized in this act; (b) moneys received by
5 the authority from gifts, grants, bequests, contribution agreements,
6 royalty, sales or licensing revenue, or other commercialization-
7 related revenue, grant remittances, and other sources; and (c)
8 interest earned on the fund.

9 NEW SECTION. **Sec. 10.** A new section is added to chapter 82.24
10 RCW to read as follows:

11 CIGARETTE TAX. (1) In addition to the tax imposed upon the sale,
12 use, consumption, handling, possession, or distribution of cigarettes
13 set forth in RCW 82.24.020 and 82.24.026, there is imposed a tax in
14 an amount equal to 2.5 cents per cigarette, which must be levied and
15 collected, beginning July 1, 2015.

16 (2) Taxes received pursuant to this section must be deposited in
17 the fund to fight cancer created in section 9 of this act and used
18 exclusively for the purposes set forth in this act.

19 NEW SECTION. **Sec. 11.** A new section is added to chapter 82.26
20 RCW to read as follows:

21 TOBACCO TAX. (1) In addition to the tax levied and collected in
22 RCW 82.26.020, and without regard to any limitations set forth in RCW
23 82.26.020, including without limitation the not-to-exceed cap on the
24 tax on cigars under RCW 82.26.020(1)(a), there is levied and
25 collected a tax upon the sale, handling, or distribution of all
26 tobacco products in this state at the following rates, beginning July
27 1, 2015:

28 (a) For cigars except little cigars, a rate equal to ten percent
29 of the taxable sales price of cigars;

30 (b) For all tobacco products except those covered under separate
31 provisions of this subsection, a rate equal to ten percent of the
32 taxable sales price;

33 (c) For moist snuff, a rate equal to ten percent of the tax under
34 RCW 82.26.020; and

35 (d) For little cigars, a rate per cigar equal to ten percent of
36 the cigarette tax under chapter 82.24 RCW.

37 (2) Taxes under this section must be imposed at the time the
38 distributor (a) brings, or causes to be brought, into this state from

1 without the state tobacco products for sale, (b) makes, manufactures,
2 fabricates, or stores tobacco products in this state for sale in this
3 state, (c) ships or transports tobacco products to retailers in this
4 state, to be sold by those retailers, or (d) handles for sale any
5 tobacco products that are within this state but upon which tax has
6 not been imposed.

7 (3) Taxes received pursuant to this section must be deposited in
8 the fund to fight cancer created in section 9 of this act and used
9 exclusively for the purposes set forth in this act.

10 NEW SECTION. **Sec. 12.** A new section is added to chapter 82.26
11 RCW to read as follows:

12 PAYMENT OF TAXES. (1) For any other tobacco products on which a
13 tax pursuant to this chapter has already been paid that is in the
14 possession or control of a distributor or retailer or any other
15 person in the business of distributing or selling tobacco products on
16 the effective date of the additional tax on that tobacco product
17 under section 11 of this act, the distributor, retailer, or any other
18 person must, to fully comply with the additional tax, make a tax
19 payment on tobacco products in his or her possession or control equal
20 to the new tax rate on tobacco products, taking into account the
21 additional tax, minus the amount of tax already paid on that tobacco
22 product.

23 (2) For any cigarettes on which a tax pursuant to RCW 82.24.020
24 and 82.24.026 has already been paid, and that are in the possession
25 or control of a distributor, wholesaler, retailer, or any other
26 person in the business of distributing or selling cigarettes on the
27 effective date of the additional tax on the sale, use, consumption,
28 handling, possession, or distribution of cigarettes under section 10
29 of this act, the distributor, wholesaler, retailer, or other person
30 must, to fully comply with the additional tax, make a tax payment
31 equal to the tax rate on the cigarettes, taking into account the
32 additional tax, minus the amount of tax already paid on those
33 cigarettes.

34 (3) These payments must be made to the department within thirty
35 days of the effective date of the tax rate increase due to the
36 additional taxes under section 10 or 11 of this act and must be
37 submitted along with a report, in such a form as the department may
38 prescribe, describing all the subject cigarettes or tobacco products
39 in the possession or control of the distributor, retailer, or other

1 person on the effective date of the tax rate increase due to the
2 additional taxes and showing the related tax payments due.

3 (a) Any tax payments pursuant to this section made later than
4 thirty days after the effective date of the tax rate increase due to
5 the additional taxes under section 10 or 11 of this act must also pay
6 interest at the rate of two percent per month or fraction of a month
7 from the date the tax payment was due until the date that the tax
8 payment is received by the department.

9 (b) Any tax payments pursuant to this section received by the
10 department within twenty days of the tax rate increase due to the
11 additional taxes under section 10 or 11 of this act may be reduced by
12 one percent.

13 (4) Taxes received pursuant to this section must be deposited in
14 the fund to fight cancer created in section 9 of this act and used
15 exclusively for the purposes set forth in this act.

16 **Sec. 13.** RCW 43.79A.040 and 2013 c 251 s 5 and 2013 c 88 s 1 are
17 each reenacted and amended to read as follows:

18 ~~MANAGEMENT—INCOME—INVESTMENT INCOME ACCOUNT—DISTRIBUTION.~~ (1)
19 Money in the treasurer's trust fund may be deposited, invested, and
20 reinvested by the state treasurer in accordance with RCW 43.84.080 in
21 the same manner and to the same extent as if the money were in the
22 state treasury, and may be commingled with moneys in the state
23 treasury for cash management and cash balance purposes.

24 (2) All income received from investment of the treasurer's trust
25 fund must be set aside in an account in the treasury trust fund to be
26 known as the investment income account.

27 (3) The investment income account may be utilized for the payment
28 of purchased banking services on behalf of treasurer's trust funds
29 including, but not limited to, depository, safekeeping, and
30 disbursement functions for the state treasurer or affected state
31 agencies. The investment income account is subject in all respects to
32 chapter 43.88 RCW, but no appropriation is required for payments to
33 financial institutions. Payments must occur prior to distribution of
34 earnings set forth in subsection (4) of this section.

35 (4)(a) Monthly, the state treasurer must distribute the earnings
36 credited to the investment income account to the state general fund
37 except under (b), (c), and (d) of this subsection.

38 (b) The following accounts and funds must receive their
39 proportionate share of earnings based upon each account's or fund's

1 average daily balance for the period: The Washington promise
2 scholarship account, the Washington advanced college tuition payment
3 program account, the accessible communities account, the community
4 and technical college innovation account, the agricultural local
5 fund, the American Indian scholarship endowment fund, the foster care
6 scholarship endowment fund, the foster care endowed scholarship trust
7 fund, the contract harvesting revolving account, the Washington state
8 combined fund drive account, the commemorative works account, the
9 county enhanced 911 excise tax account, the toll collection account,
10 the developmental disabilities endowment trust fund, the energy
11 account, the fair fund, the family leave insurance account, the food
12 animal veterinarian conditional scholarship account, the fruit and
13 vegetable inspection account, the future teachers conditional
14 scholarship account, the game farm alternative account, the GET ready
15 for math and science scholarship account, the Washington global
16 health technologies and product development account, the grain
17 inspection revolving fund, the industrial insurance rainy day fund,
18 the juvenile accountability incentive account, the law enforcement
19 officers' and firefighters' plan 2 expense fund, the local tourism
20 promotion account, the multiagency permitting team account, the
21 pilotage account, the produce railcar pool account, the regional
22 transportation investment district account, the rural rehabilitation
23 account, the stadium and exhibition center account, the youth
24 athletic facility account, the self-insurance revolving fund, the
25 children's trust fund, the Washington horse racing commission
26 Washington bred owners' bonus fund and breeder awards account, the
27 Washington horse racing commission class C purse fund account, the
28 individual development account program account, the Washington horse
29 racing commission operating account, the fund to fight cancer, the
30 life sciences discovery fund, the Washington state heritage center
31 account, the reduced cigarette ignition propensity account, the
32 center for childhood deafness and hearing loss account, the school
33 for the blind account, the Millersylvania park trust fund, the public
34 employees' and retirees' insurance reserve fund, and the radiation
35 perpetual maintenance fund. The earnings to be distributed from the
36 fund to fight cancer must first be reduced by the allocation to the
37 state treasurer's service fund pursuant to RCW 43.08.190.

38 (c) The following accounts and funds must receive eighty percent
39 of their proportionate share of earnings based upon each account's or
40 fund's average daily balance for the period: The advanced right-of-

1 way revolving fund, the advanced environmental mitigation revolving
2 account, the federal narcotics asset forfeitures account, the high
3 occupancy vehicle account, the local rail service assistance account,
4 and the miscellaneous transportation programs account.

5 (d) Any state agency that has independent authority over accounts
6 or funds not statutorily required to be held in the custody of the
7 state treasurer that deposits funds into a fund or account in the
8 custody of the state treasurer pursuant to an agreement with the
9 office of the state treasurer (~~shall~~) must receive its
10 proportionate share of earnings based upon each account's or fund's
11 average daily balance for the period.

12 (5) In conformance with Article II, section 37 of the state
13 Constitution, no trust accounts or funds (~~shall~~) may be allocated
14 earnings without the specific affirmative directive of this section.

15 NEW SECTION. **Sec. 14.** Sections 1 through 9 of this act
16 constitute a new chapter in Title 43 RCW.

17 NEW SECTION. **Sec. 15.** CONSTRUCTION. This act, being necessary
18 for the welfare of the state and its inhabitants, must be liberally
19 construed.

20 NEW SECTION. **Sec. 16.** SEVERABILITY. If any provision of this
21 act or its application to any person or circumstance is held invalid,
22 the remainder of the act or the application of the provision to other
23 persons or circumstances is not affected.

24 NEW SECTION. **Sec. 17.** APPLICATION. This act applies only with
25 respect to tax liability incurred under chapter 82.24 or 82.26 RCW on
26 or after July 1, 2015, for the sale, handling, or distribution of
27 cigarettes or tobacco products.

28 NEW SECTION. **Sec. 18.** EFFECTIVE DATE. This act is necessary for
29 the immediate preservation of the public peace, health, or safety, or
30 support of the state government and its existing public institutions,
31 and takes effect July 1, 2015.

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