

SSB 6096 - S AMD 514  
By Senator Becker

ADOPTED 6/29/2015

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** FINDINGS AND INTENT. (1) The legislature  
4 finds the following:

5 (a) Washington has an existing infrastructure of world-class  
6 cancer research and care centers for children and adults that can  
7 develop and apply new techniques for the prevention of cancer and  
8 care of cancer patients throughout Washington;

9 (b) Sustained investment in cancer research, prevention, and care  
10 is critical to reducing long-term health costs, saving lives, and  
11 relieving pain and suffering;

12 (c) Promoting the health of state residents is a fundamental  
13 public purpose and governmental function. Action to promote cancer  
14 research and prevention to improve the quality of life of the people  
15 of Washington is consistent with this fundamental public purpose; and

16 (d) Additional public resources dedicated exclusively to cancer  
17 research will provide sustained investment in cancer research to the  
18 benefit of the people of Washington.

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

20 (a) Optimize the use of public funds by giving priority to  
21 research utilizing the best science and technology with the greatest  
22 potential to improve health outcomes;

23 (b) Increase the value of our public investments by leveraging  
24 our state's existing cancer research facilities and talent, as well  
25 as clinical and therapeutic resources;

26 (c) Incentivize additional investment by requiring private or  
27 other nonstate resources to match public funds;

28 (d) Protect and benefit Washington taxpayers by funding proposals  
29 for cancer research that are reviewed by an independent scientific  
30 panel;

1 (e) Require fiscal and public accountability through independent  
2 audits, open public meetings and hearings, and annual reports to the  
3 public; and

4 (f) Create jobs and encourage investments that will generate new  
5 tax revenues in our state, and advance the biotech, medical device,  
6 and health care information technology industries in Washington.

7 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this  
8 section apply throughout this chapter unless the context clearly  
9 requires otherwise.

10 (1) "Authority" means the cancer research endowment authority  
11 created in this chapter.

12 (2) "Board" means the governing board of the authority.

13 (3) "Cancer" means a group of diseases involving unregulated cell  
14 growth.

15 (4) "Cancer patient advocacy organizations" means groups with  
16 offices in the state that promote cancer prevention and advocate on  
17 behalf of cancer patients.

18 (5) "Cancer research" means advanced and applied research and  
19 development relating to the causes, prevention, and diagnosis of  
20 cancer and care of cancer patients including the development of  
21 tests, genetic analysis, medications, processes, services, and  
22 technologies to optimize cancer therapies and their manufacture and  
23 commercialization and includes the costs of recruiting scientists and  
24 establishing and equipping research facilities.

25 (6) "CARE fund" or "fund" means the cancer research endowment  
26 fund created in section 7(1)(b) of this act.

27 (7) "Commercial entity" means a for-profit entity located in the  
28 state that develops, manufactures, or sells goods or services  
29 relating to cancer prevention or care.

30 (8) "Committee" means an independent expert scientific review and  
31 advisory committee established under section 6 of this act.

32 (9) "Contribution agreement" means any agreement authorized under  
33 this chapter in which a private entity or a public entity other than  
34 the state agrees to provide to the authority contributions for the  
35 purpose of cancer research, prevention, or care.

36 (10) "Costs" means the costs and expenses associated with the  
37 conduct of research, prevention, and care including, but not limited  
38 to, the cost of recruiting and compensating personnel, securing and  
39 financing facilities and equipment, and conducting clinical trials.

1 (11) "Department" means the department of commerce.

2 (12) "Health care delivery system" means hospitals and clinics  
3 providing care to patients in the state.

4 (13) "Life sciences research" means advanced and applied research  
5 and development intended to improve human health, including  
6 scientific study of the developing brain and human learning and  
7 development, and other areas of scientific research and development  
8 vital to the state's economy.

9 (14) "Prevention" means measures to prevent the development and  
10 progression of cancer, including education, vaccinations, and  
11 screening processes and technologies, and to reduce the risk of  
12 cancer.

13 (15) "Program" means the cancer research endowment program  
14 created in section 5 of this act.

15 (16) "Program administrator" means a private nonprofit  
16 corporation qualified as a tax-exempt entity under 26 U.S.C. Sec.  
17 501(c)(3) of the federal internal revenue code, with expertise in  
18 conducting or managing research granting activities, funds, or  
19 organizations.

20 NEW SECTION. **Sec. 3.** CANCER RESEARCH ENDOWMENT AUTHORITY. (1)  
21 The cancer research endowment authority is created. The powers of the  
22 authority are vested in and must be exercised by a board. The board  
23 consists of thirteen members appointed by the governor:

24 (a) Two members must be appointed from nominations submitted by  
25 the presidents of the University of Washington and Washington State  
26 University;

27 (b) Two members must be appointed from nominations submitted by  
28 the Fred Hutchinson cancer research center, Seattle cancer care  
29 alliance, and the Seattle children's research institute;

30 (c) Two members must be appointed from nominations submitted by  
31 patient advocacy organizations;

32 (d) Two members must be appointed from nominations submitted by  
33 representatives of businesses or industries engaged in the  
34 commercialization of life sciences research or cancer research;

35 (e) One member must be appointed from a list of at least three  
36 nominated by the speaker of the house of representatives;

37 (f) One member must be appointed from a list of at least three  
38 nominated by the president of the senate;

1 (g) One member must be appointed from nominations submitted by  
2 entities or systems that provide health care delivery services;

3 (h) One member from nominations provided by private sector donors  
4 to the fund. However, the governor may reject all nominations and  
5 request a new list from which the governor must select the member;  
6 and

7 (i) The remaining member must be a member of the public.

8 (2) In soliciting nominations and appointing members, the  
9 governor must seek to identify individuals from throughout the state  
10 having relevant knowledge, experience, and expertise with regard to  
11 (a) cancer research, prevention, and care; (b) health care consumer  
12 issues; (c) government finance and budget; and (d) the  
13 commercialization of life sciences or cancer research. In soliciting  
14 nominations and appointing members, the governor must seek  
15 individuals who will contribute to the geographic diversity of the  
16 board, with the goal that at least five board members be from  
17 counties with a population less than one million persons.  
18 Appointments must be made on or before July 1, 2016.

19 (3) The term of a member is four years from the date of their  
20 appointment except the initial term of the members in subsection  
21 (1)(d) through (i) of this section must be two years to create a  
22 staggered appointment process. A member may be appointed to not more  
23 than two full consecutive terms. A member appointed by the governor  
24 may be removed by the governor for cause under RCW 43.06.070 and  
25 43.06.080. The members may not be compensated but may be reimbursed,  
26 solely from the fund, for expenses incurred in the discharge of their  
27 duties under this chapter.

28 (4) Seven members of the board constitute a quorum.

29 (5) The members must elect a chair, treasurer, and secretary  
30 annually, and other officers as the members determine necessary, and  
31 may adopt bylaws or rules for their own government.

32 (6) Meetings of the board must be held in accordance with the  
33 open public meetings act, chapter 42.30 RCW, and at the call of the  
34 chair or when a majority of the members so requests. Meetings of the  
35 board may be held at any location within or out of the state, and  
36 members may participate in a meeting of the board by means of a  
37 conference telephone or similar communication equipment under RCW  
38 23B.08.200.

1        NEW SECTION.    **Sec. 4.**    AUTHORITY—GENERAL POWERS. The authority  
2 has all the general powers necessary to carry out its purposes and  
3 duties and to exercise its specific powers. In addition to other  
4 powers specified in this chapter, the authority may:

5            (1) Sue and be sued in its own name;

6            (2) Make and execute agreements, contracts, and other  
7 instruments, with any public or private person or entity, including  
8 commercial entities, in accordance with this chapter;

9            (3) Employ, contract with, or engage independent counsel,  
10 financial advisors, auditors, other technical or professional  
11 assistants, and such other personnel as are necessary or desirable to  
12 implement this chapter;

13           (4) Exercise any other power reasonably required to implement the  
14 purposes of this chapter; and

15           (5) Delegate any of its powers and duties if consistent with the  
16 purposes of this chapter.

17        NEW SECTION.    **Sec. 5.**    CANCER RESEARCH ENDOWMENT PROGRAM. (1) The  
18 cancer research endowment program is created. The purpose of the  
19 program is to make grants to public and private entities, including  
20 commercial entities, to fund or reimburse the entities pursuant to  
21 agreement for the promotion of cancer research to be conducted in the  
22 state. The authority is to oversee and guide the program, including  
23 the solicitation, selection, and award of grants.

24           (2) The board must develop a plan for the allocation of projected  
25 amounts in the CARE fund, which it must update annually, following at  
26 least one annual public hearing. The plan must provide for  
27 appropriate funding continuity and take into account the projected  
28 speed at which revenues will be available and amounts that can be  
29 spent during the plan period.

30           (3) The authority must solicit requests for grant funding and  
31 evaluate the requests by reference to factors such as: (a) The  
32 quality of the proposed research or program; (b) its potential to  
33 improve health outcomes of persons with cancer, with particular  
34 attention to the likelihood that it will also lower health care  
35 costs, substitute for a more costly diagnostic or treatment modality,  
36 or offer a breakthrough treatment for a particular cancer or cancer-  
37 related condition or disease; (c) its potential for leveraging  
38 additional funding; (d) its potential to provide additional health  
39 care benefits or benefit other human diseases or conditions; (e) its

1 potential to stimulate life science, health care, and biomedical  
2 employment in the state; (f) the geographic diversity of the grantees  
3 within Washington; (g) evidence of potential royalty, sales, or  
4 licensing revenue, or other commercialization-related revenue and  
5 contractual means to recapture such income for purposes of this  
6 chapter; and (h) evidence of public and private collaboration.

7 (4) The authority may not award a grant for a proposal that was  
8 not recommended by an independent expert scientific review and  
9 advisory committee under section 6 of this act.

10 (5) The authority must issue an annual report to the public that  
11 sets forth its activities with respect to the CARE fund, including  
12 grants awarded, grant-funded work in progress, research  
13 accomplishments, prevention, and care activities, and future program  
14 directions with respect to cancer research, prevention, and care.  
15 Each annual report regarding activities of the cancer research  
16 endowment program and CARE fund must include, but not be limited to,  
17 the following: The number and dollar amounts of grants; the grantees  
18 for the prior year; the authority's administrative expenses; an  
19 assessment of the availability of funding for cancer research,  
20 prevention, and care from sources other than the authority; a summary  
21 of research, prevention, and care-related findings, including  
22 promising new areas for investment; and a report on the benefits to  
23 Washington of its programs to date.

24 (6) The authority's first annual report must include a proposed  
25 operating plan for the design, implementation, and administration of  
26 an endowment program supporting the purposes of the authority and  
27 program.

28 (7) The authority must adopt policies to ensure that all  
29 potential conflicts have been disclosed and that all conflicts have  
30 been eliminated or mitigated.

31 (8) The authority must establish standards to ensure that  
32 recipients of grants for cancer research, prevention, or care  
33 purchase goods and services from Washington suppliers to the extent  
34 reasonably possible.

35 NEW SECTION. **Sec. 6.** INDEPENDENT EXPERT SCIENTIFIC REVIEW AND  
36 ADVISORY COMMITTEE. (1) In addition to any advisory boards the  
37 authority determines to establish, the authority must establish one  
38 or more independent expert scientific review and advisory committees  
39 for the purposes of evaluating grant proposals for cancer research

1 and recommending grants to be made from the CARE fund; advising the  
2 authority during the development and review of its strategic plans  
3 for cancer research; and advising the authority on scientific and  
4 other matters in furtherance of the cancer research purposes of this  
5 act.

6 (2) Each independent expert scientific review and advisory  
7 committee must consist of individuals with nationally recognized  
8 expertise in the scientific, clinical, ethical, commercial, and  
9 regulatory aspects of cancer research, prevention, and care. The  
10 board must appoint the members of the committee. Preliminary review  
11 of grant proposals may be made by a panel of such committee or an  
12 independent contractor chosen by the board upon recommendation of the  
13 committee, but all recommendations for grants to be made from the  
14 CARE fund may be made only upon majority vote of the committee.

15 NEW SECTION. **Sec. 7.** PROGRAM ADMINISTRATOR. (1) The program  
16 administrator must provide services to the board and has the  
17 following duties and responsibilities:

18 (a) Jointly with the board, solicit and receive gifts, grants,  
19 and bequests, and enter into contribution agreements with private  
20 entities and public entities, including commercial entities, in order  
21 to use those moneys to fund grants awarded by the authority;

22 (b) Establish a cancer research endowment fund to be known as the  
23 CARE fund. The CARE fund must be a separate private account outside  
24 the state treasury into which grants and contributions received from  
25 public and private sources as well as state matching funds must be  
26 deposited, and from which funds for grants awarded by the authority  
27 must be disbursed. Once moneys in the cancer research endowment fund  
28 match transfer account are subject to an agreement under section 9(6)  
29 of this act and are deposited in the CARE fund under this section,  
30 the moneys in the CARE fund are not considered state money, common  
31 cash, or revenue to the state;

32 (c) Manage the CARE fund, its obligations, and investments as to  
33 achieve the maximum possible rate of return on investment in the CARE  
34 fund;

35 (d) Establish policies and procedures to facilitate the orderly  
36 process of grant application, review, selection, and notification;  
37 and

38 (e) Distribute CARE funds to selected entities through grant  
39 agreements. Grant agreements must set forth the terms and conditions

1 of the grant and must include, but not be limited to: (i)  
2 Deliverables to be provided by the recipient pursuant to the grant;  
3 (ii) the circumstances under which the grant amount would be required  
4 to be repaid or the circumstances under which royalty, sales, or  
5 licensing revenue, or other commercialization-related revenue would  
6 be required to be shared; and (iii) indemnification, dispute  
7 resolution, and any other terms and conditions as are customary for  
8 grant agreements or are deemed reasonable by the board. The program  
9 administrator may negotiate with any grantee the costs associated  
10 with performing scientific activities funded by grants.

11 (2) Periodically, but not less often than every three years, the  
12 authority and the department must conduct a request for proposals and  
13 retain the services of an independent auditor with experience in  
14 performance auditing of research granting entities similar to the  
15 authority. The independent auditor must review the authority's  
16 strategic plan, program, and program administrator and publish a  
17 report assessing their performance and providing recommendations for  
18 improvement. The authority must hold at least one public hearing at  
19 which the results of each audit are presented and discussed.

20 NEW SECTION. **Sec. 8.** CHARITABLE CONTRIBUTIONS. The program  
21 administrator may create additional legal entities and take such  
22 action as may be necessary or advisable to enable the CARE fund to  
23 accept charitable contributions. In addition, the program  
24 administrator may provide technical assistance, information, and  
25 training to private employers and other potential donors to establish  
26 programs that facilitate charitable contributions to the CARE fund  
27 including tobacco use premium surcharge programs.

28 NEW SECTION. **Sec. 9.** CANCER RESEARCH ENDOWMENT FUND MATCH  
29 TRANSFER ACCOUNT. (1) The cancer research endowment fund match  
30 transfer account is created in the custody of the state treasurer as  
31 a nonappropriated account to be used solely and exclusively for the  
32 cancer research endowment program created in section 5 of this act.  
33 The purpose of the account is to provide matching funds for the CARE  
34 fund and administrative costs.

35 (2) Revenues to the account must consist of deposits into the  
36 account, legislative appropriations, and any gifts, grants, or  
37 donations received by the department for this purpose.



1 (3) The legislature must appropriate a state match, up to a  
2 maximum of ten million dollars annually, beginning July 1, 2016, and  
3 each July 1st following the end of the fiscal year from tax  
4 collections and penalties generated from enforcement of state taxes  
5 on cigarettes and other tobacco products by the state liquor and  
6 cannabis board or other federal, state or local law or tax  
7 enforcement agency, as determined by the department of revenue. Tax  
8 collections include any cigarette tax, other tobacco product tax, and  
9 retail sales and use tax.

10 (4) Expenditures, in the form of matching funds, from the account  
11 may be made only upon receipt of proof from the program administrator  
12 of nonstate or private contributions to the CARE fund for the cancer  
13 research endowment program. Expenditures, in the form of matching  
14 funds, may not exceed the total amount of nonstate or private  
15 contributions.

16 (5) Only the director of the department or the director's  
17 designee may authorize expenditures from the cancer research  
18 endowment fund match transfer account. Such authorization must be  
19 made as soon as practicable following receipt of proof as required  
20 under subsection (4) of this section.

21 (6) The department must enter into an appropriate agreement with  
22 the program administrator to demonstrate exchange of consideration  
23 for the matching funds.

24 NEW SECTION. **Sec. 10.** This chapter expires July 1, 2025.

25 NEW SECTION. **Sec. 11.** Sections 1 through 10 of this act  
26 constitute a new chapter in Title 43 RCW."

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**ADOPTED 6/29/2015**

27 On page 1, line 1 of the title, after "research;" strike the  
28 remainder of the title and insert "adding a new chapter to Title 43  
29 RCW; and providing an expiration date."

**EFFECT:** Removes the tobacco use surcharges on state employees and  
public school employees that were used to fund the cancer research  
endowment fund match transfer account. Beginning July 1, 2016,  
directs up to \$10 million annually in state matching funds be

appropriated into the match transfer account from tax collections and penalties generated from enforcement of state taxes on cigarettes and other tobacco products by the state liquor and cannabis board and other agencies. Provides a July 1, 2025, expiration date for the bill.

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