

# SENATE BILL REPORT

## SB 6096

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As Reported by Senate Committee On:  
Ways & Means, April 7, 2015

**Title:** An act relating to cancer research.

**Brief Description:** Concerning cancer research.

**Sponsors:** Senators Becker, Litzow, Parlette, Bailey, Hill, Fain, Dammeier, Brown, Rivers, Roach and McAuliffe.

**Brief History:**

**Committee Activity:** Ways & Means: 4/06/15, 4/07/15 [DPS, DNP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6096 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Bailey, Becker, Brown, Hewitt, O'Ban, Parlette, Schoesler and Warnick.

**Minority Report:** Do not pass.

Signed by Senators Hargrove, Ranking Member; Keiser, Assistant Ranking Member on the Capital Budget; Billig, Conway, Fraser, Hasegawa, Hatfield, Kohl-Welles, Padden and Rolfes.

**Staff:** Julie Murray (786-7711)

**Background:** Life Sciences Discovery Fund. In 2005 the Washington Legislature created the Life Sciences Discovery Fund Authority with the purpose of promoting life sciences research to foster a preventive and predictive vision of the next generation of health-related innovations, to enhance the competitive position of Washington in this sector of the economy, and to improve the quality and delivery of health care for the people of Washington. The Authority is governed by an 11-member board, with seven members appointed by the Governor and four members appointed by the Legislature. Using funds from a 1998 settlement with tobacco companies and various states, the Authority funded a broad spectrum of life sciences research. Tobacco settlement funds for research grants were expected to be available through 2017.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Tobacco Use Surcharges. In the 2013-15 biennial operating budget, the Legislature directed the Public Employment Benefits Board (PEBB) to implement a \$25 per month tobacco use surcharge for state employee members who use tobacco products, which includes cigars, cigarettes, chewing tobacco, snuff, and other tobacco products. Tobacco surcharges are used to discourage use of tobacco products and cover additional health care costs associated with tobacco use. Under the PEBB surcharge program, users of tobacco products have ceased using tobacco products for two months or have enrolled in the members' medical plans' tobacco cessation program.

**Summary of Bill (Recommended Substitute):** Cancer Research Endowment Authority. The cancer research endowment authority (Authority) is created. The Authority has general powers. The Authority must have a 13-member board of trustees appointed by the Governor. The trustees serve terms of four years and may only be appointed for up to two consecutive terms. Members are representatives of research universities, cancer research institutions, patient advocacy organizations, businesses engaged in commercialization of life sciences or cancer research, health care delivery systems, the Legislature, fund donors, and the public.

The Authority must develop and annually update a plan for the allocation of projected funds. The Authority must issue an annual report to the public including the grants that have been awarded, associated research and accomplishments, cancer prevention efforts, and the future program direction. The Authority must include an endowment plan for the ongoing support of the Authority in its initial report. The Authority and Commerce must retain the services of an independent auditor to conduct a performance audit of the program and the program administrator at least once every three years.

The Authority is staffed by a program administrator under contract with the Department of Commerce (Commerce). The program administrator must staff the Authority; jointly solicit for grants, gifts, and donations; manage funds; distribute grants; and implement other activities directed by the Authority. The program administrator is paid an administrative fee set by the Authority.

Cancer Research Program. The Authority will oversee a cancer research endowment program. The purpose of the program is to make grants to public and private entities, including commercial entities, to fund or reimburse the entities for cancer research to be conducted in the state. The Authority must establish one or more scientific review and advisory committees for the purposes of evaluating grant proposals for cancer research and making recommendations for funding.

CARE Fund. The program administrator must also establish the CARE fund outside the state treasury for the deposit of grants and contributions received from public and private sources. Assets in the CARE fund are not considered state revenue. Funds must be used to fund grants for the cancer research program. The program administrator must consider such action as necessary to enable the CARE fund to accept charitable contributions. The program administrator's fee is paid from the CARE fund.

Cancer Research Endowment Fund Match Transfer Account. The cancer research endowment fund match transfer account is created in the custody of the State Treasurer.

Funds in the account are used to provide matching funds for the CARE fund. The Director of Commerce may make expenditures from the account for deposit into the CARE fund upon proof of nonstate or private contributions to the CARE fund. Expenditures may not exceed the total amount of nonstate or private contributions.

Tobacco Use Surcharges. The cancer research endowment fund match transfer account is funded by a \$100 per month tobacco use surcharge on school district and education service district employees who participate in their employers' health plan and on state employees who are enrolled in PEBB health plans. The program administrator may provide technical assistance, information, and training to private employers and other potential donors to establish programs that facilitate charitable contributions to the CARE fund, including tobacco use surcharge programs.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute):** The definition of tobacco products for purposes of the tobacco use surcharge is changed to remove vaporized nicotine products.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill:** OTHER: While we support the underlying goal of the bill to promote cancer research, vaporized products should be excluded from the definition of tobacco products or its application clarified. We support the underlying bill. Fred Hutch has lost National Institute of Health funding to other research institutions and other states are providing funding to keep the research and the talent in their state. We are concerned about the fund source, which is limited in scope. Would prefer a tax on cigarettes, which has a better balance between those who pay into the fund and those who benefit.

CON: We support the creation of a cancer research fund at the state level. We oppose the funding source as a national policy because we encourage cessation services. People will attest that they do not use tobacco and lose access to cessation services. We want to do everything to encourage people quit tobacco use.

**Persons Testifying:** CON: Erin Dziedzic, American Cancer Society Cancer Action Network.

OTHER: Emily Murphy, Anti-Smoking Alliance, Pink Lung Brigade; Marcia Fromhold, Fred Hutchinson Cancer Research Center, Seattle Cancer Care Alliance; Holly Chisa, NJOY.

**Persons Signed in to Testify But Not Testifying:** No one.