
SENATE BILL 6101

State of Washington 64th Legislature 2015 Regular Session

By Senators Habib, Miloscia, and Frockt

Read first time 04/15/15. Referred to Committee on Health Care.

1 AN ACT Relating to health care; amending RCW 43.350.005,
2 43.350.010, 43.350.020, and 43.350.040; reenacting and amending RCW
3 43.79A.040; adding new sections to chapter 43.350 RCW; adding a new
4 section to chapter 43.79 RCW; adding a new section to chapter 82.24
5 RCW; adding new sections to chapter 82.26 RCW; adding a new section
6 to chapter 28B.20 RCW; adding a new section to chapter 28B.30 RCW;
7 creating new sections; providing an effective date; and declaring an
8 emergency.

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

10 **Sec. 1.** RCW 43.350.005 and 2005 c 424 s 1 are each amended to
11 read as follows:

12 INTENT. (1) The legislature declares that promoting the health of
13 state residents is a fundamental purpose of state government. The
14 legislature declares it to be a clear public purpose and governmental
15 function to promote life sciences research, including cancer research
16 and prevention, to foster a preventive and predictive vision of the
17 next generation of health-related innovations, to enhance the
18 competitive position of Washington state in this vital sector of the
19 economy, and to improve the quality and delivery of health care for
20 the people of Washington.

1 (2) Cancer is the leading cause of death in Washington and is the
2 leading cause of childhood mortality due to disease. Many of the
3 state's high rates of cancer can be prevented and treated,
4 particularly if detected early and patients have access to the most
5 effective care. Washington has an existing infrastructure of world-
6 class cancer research and care centers for children and adults that
7 can develop and apply new techniques for the prevention of cancer and
8 care of cancer patients throughout Washington.

9 (3) The legislature finds that public support for and promotion
10 of life sciences research, including cancer research, prevention, and
11 care, will benefit the state and its residents through improved
12 health status and health outcomes, economic development, and
13 contributions to scientific knowledge, and such research will lead to
14 breakthroughs and improvements that might not otherwise be discovered
15 due to lack of existing market incentives, especially in the area of
16 regenerative medicine.

17 (4) The legislature finds that public support for and promotion
18 of life sciences research, including cancer research, prevention, and
19 care, has the potential to provide cures or new treatments for many
20 debilitating diseases that cost the state millions of dollars each
21 year.

22 (5) It is appropriate and consistent with the intent of the
23 master settlement agreement between the state and tobacco product
24 manufacturers to invest a portion of the revenues derived therefrom
25 by the state in life sciences research, to leverage the revenues with
26 other funds, and to encourage cooperation and innovation among public
27 and private institutions involved in life sciences research.

28 (6) The purpose of this chapter is to establish a life sciences
29 discovery fund authority, to grant that authority the power to
30 contract with the state to receive revenues under the master
31 settlement agreement, and to contract with other entities to receive
32 other funds, and to disburse those funds consistent with the purpose
33 of this chapter. The life sciences discovery fund is intended to
34 promote the best available research in life sciences disciplines
35 through diverse Washington institutions and to build upon existing
36 strengths in the area of biosciences and biomanufacturing in order to
37 spread the economic benefits across the state. The life sciences
38 discovery fund is also intended to foster improved health care
39 outcomes and improved agricultural production research across this
40 state and the world.

1 (7) The research investments of the life sciences discovery fund
2 are intended to further the goals of the "Bio 21" report and to
3 support future statewide, comprehensive strategies to lead the nation
4 in life sciences-related research and employment.

5 (8) Further, this chapter is intended to establish a fund to
6 fight cancer. The fund to fight cancer is intended to support
7 sustained investment in cancer research, prevention, and care to
8 reduce long-term health costs, save lives, and relieve the pain and
9 suffering associated with cancer.

10 (9) Sustained investment in cancer research, prevention, and care
11 is critical to reducing long-term health costs, saving lives, and
12 relieving pain and suffering. Unfortunately, federal funding and
13 private philanthropy are not sufficient to support and advance cancer
14 research, prevention, and care, and the lack of state funding further
15 worsens critical gaps.

16 (10) Specifically, resources of the fund to fight cancer are
17 intended to provide the additional funding required to support and
18 advance cancer research, prevention, and care. The legislature
19 intends to accomplish these goals by:

20 (a) Optimizing the use of public funds by giving priority to
21 research using the best science and technology with the greatest
22 potential to improve health outcomes and leveraging the sizeable
23 existing investment in facilities and research talent, as well as
24 clinical and therapeutic resources, in Washington;

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

33 (c) Requiring strict fiscal and public accountability through
34 mandatory independent audits, transparent review processes and
35 consideration of funding proposals, open public meetings and
36 hearings, and annual reports to the public;

37 (d) Growing the Washington economy by creating jobs and
38 encouraging investments that will generate new tax revenues in the
39 state, and advance the biotech, medical device, and health care

1 information technology industries in Washington to world leadership,
2 as an economic engine for Washington's future; and

3 (e) Funding medical education and training programs at
4 Washington's institutions of higher education to ensure an adequate
5 supply of health care professionals who can address our citizen's
6 health care needs, including cancer prevention, treatment, and care.

7 **Sec. 2.** RCW 43.350.010 and 2005 c 424 s 2 are each amended to
8 read as follows:

9 DEFINITIONS. The definitions in this section apply throughout
10 this chapter unless the context clearly requires otherwise.

11 (1) "Authority" means the life sciences discovery fund authority
12 created in this chapter.

13 (2) "Board" means the governing board of trustees of the
14 authority.

15 (3) "Cancer" means a group of diseases involving unregulated cell
16 growth.

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

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

27 (6) "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 (7) "Committee" means an independent expert scientific review and
31 advisory committee established pursuant to section 6 of this act.

32 (8) "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 promoting life sciences research.

36 ((+4)) (9) "Costs" means the costs and expenses associated with
37 the conduct of research, prevention, and care including, but not
38 limited to, the cost of recruiting and compensating personnel,

1 securing and financing facilities and equipment, and conducting
2 clinical trials.

3 (10) "Fund to fight cancer" means the fund to fight cancer
4 created in section 8 of this act.

5 (11) "Genetic analysis" means the use of DNA/RNA/protein
6 sequencing methods to define potential mutations or patterns to
7 assist prescribing physicians in determining anticancer medications
8 or treatments that can be used to optimize cancer therapies.

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

11 (13) "Life sciences research" means advanced and applied research
12 and development intended to improve human health, including
13 scientific study of the developing brain and human learning and
14 development, and other areas of scientific research and development
15 vital to the state's economy.

16 ~~((+5))~~ (14) "Master settlement agreement" means the national
17 master settlement agreement and related documents entered into on
18 November 23, 1998, by the state and the four principal United States
19 tobacco product manufacturers, as amended and supplemented, for the
20 settlement of litigation brought by the state against the tobacco
21 product manufacturers.

22 ~~((+6))~~ (15) "Nonprofit cancer research institution" means a
23 nonprofit institution located in the state that conducts cancer
24 research.

25 (16) "Prevention" means measures to prevent the development and
26 progression of cancer, including education, vaccinations, and
27 screening processes and technologies, and to reduce the risk of
28 cancer.

29 (17) "Public employee" means any person employed by the state of
30 Washington or any agency or political subdivision thereof.

31 ~~((+7))~~ (18) "Public facilities" means any public institution,
32 public facility, public equipment, or any physical asset owned,
33 leased, or controlled by the state of Washington or any agency or
34 political subdivision thereof.

35 ~~((+8))~~ (19) "Public funds" means any funds received or
36 controlled by the state of Washington or any agency or political
37 subdivision thereof, including, but not limited to, funds derived
38 from federal, state, or local taxes, gifts or grants from any source,
39 public or private, federal grants or payments, or intergovernmental
40 transfers.

1 ((+9)) (20) "State agreement" means the agreement authorized
2 under this chapter in which the state provides to the authority the
3 strategic contribution payments required to be made by tobacco
4 product manufacturers to the state and the state's rights to receive
5 such payments, pursuant to the master settlement agreement, for the
6 purpose of promoting life sciences research.

7 ((+10)) (21) "Strategic contribution payments" means the
8 payments designated as such under the master settlement agreement,
9 which will be made to the state in the years 2008 through 2017.

10 **Sec. 3.** RCW 43.350.020 and 2005 c 424 s 3 are each amended to
11 read as follows:

12 LIFE SCIENCES DISCOVERY FUND AUTHORITY BOARD MEMBERS ADDED. (1)
13 The life sciences discovery fund authority is created and constitutes
14 a public instrumentality and agency of the state, separate and
15 distinct from the state, exercising public and essential governmental
16 functions.

17 (2)(a) The powers of the authority are vested in and shall be
18 exercised by a board of trustees consisting of: Two members of either
19 the house appropriations committee or the house committee dealing
20 with technology issues, one from each caucus, to be appointed by the
21 speaker of the house of representatives; two members of either the
22 senate committee on ways and means or the senate committee dealing
23 with technology issues, one from each caucus, to be appointed by the
24 president of the senate; and ((seven)) eleven members appointed by
25 the governor with the consent of the senate, one of whom shall be
26 appointed by the governor as chair of the authority and who shall
27 serve on the board and as chair of the authority at the pleasure of
28 the governor. Members appointed by the governor must include:

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

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

34 (iii) Two trustees from nominations submitted by patient advocacy
35 organizations;

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

38 (v) One trustee from nominations submitted by any health sciences
39 and services authority established under chapter 35.104 RCW; and

1 (vi) The remaining two trustees must be members of the public,
2 one of whom must be appointed by the governor as chair of the
3 authority and who must serve on the authority and as chair of the
4 authority at the pleasure of the governor.

5 (b) The respective officials shall make ((the initial)) any new
6 appointments required by chapter ..., Laws of 2015 (this act) no
7 later than thirty days after ((May 12, 2005)) the effective date of
8 this section. The term of the trustees, other than the chair, is four
9 years from the date of their appointment, except that the terms of
10 three of the initial gubernatorial appointees, as determined by the
11 governor, are for two years from the date of their appointment. A
12 trustee appointed by the governor may be removed by the governor for
13 cause under RCW 43.06.070 and 43.06.080. The appropriate official
14 shall fill any vacancy on the board by appointment for the remainder
15 of the unexpired term. The trustees appointed by the governor shall
16 be compensated in accordance with RCW 43.03.240 and may be
17 reimbursed, solely from the funds of the authority, for expenses
18 incurred in the discharge of their duties under this chapter, subject
19 to RCW 43.03.050 and 43.03.060. The trustees who are legislators
20 shall be reimbursed for travel expenses in accordance with RCW
21 44.04.120.

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

23 (4) The trustees shall elect a treasurer and secretary annually,
24 and other officers as the trustees determine necessary, and may adopt
25 bylaws or rules for their own government.

26 (5) Meetings of the board shall be held in accordance with the
27 open public meetings act, chapter 42.30 RCW, and at the call of the
28 chair or when a majority of the trustees so requests. Meetings of the
29 board may be held at any location within or out of the state, and
30 trustees may participate in a meeting of the board by means of a
31 conference telephone or similar communication equipment under RCW
32 23B.08.200.

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

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

36 NEW SECTION. Sec. 4. AUTHORITY—POWERS—FUND TO FIGHT CANCER
37 PROGRAM. In addition to other powers and duties prescribed in this
38 chapter, the authority is empowered to:

1 (1) Use public money, leveraging those moneys with amounts
2 received from other public and private sources in accordance with
3 contribution agreements, to fund costs of cancer research and the
4 administrative costs of the authority. Nonstate moneys received by
5 the authority for the purpose of cancer research must be deposited in
6 the fund to fight cancer created in section 8 of this act;

7 (2) Use amounts in the fund to fight cancer created in section 8
8 of this act to fund the costs of cancer research and the related
9 administrative costs of the authority. However, the authority may use
10 an amount equal to not more than five percent of the amount in the
11 fund to fight cancer to pay administrative costs of the authority
12 allocable to cancer research, prevention, and care, including the
13 oversight of the grant-making process and the operations of the board
14 and the committee;

15 (3) Solicit and receive gifts, grants, and bequests, and enter
16 into contribution agreements with private entities and public
17 entities, including commercial entities, in order to use those moneys
18 to fund the costs of cancer research, prevention, and care;

19 (4) Manage funds, obligations, and investments as necessary,
20 including the segregation of revenues into separate funds and
21 accounts;

22 (5)(a) Make grants to public and private entities, including
23 commercial entities, to fund or reimburse the entities pursuant to
24 contract for the promotion of cancer research to be conducted in the
25 state. Grant agreements must specify deliverables to be provided by
26 the recipient pursuant to the grant. The authority must solicit
27 requests for funding and evaluate the requests by reference to
28 factors such as: (i) The quality of the proposed research or program;
29 (ii) its potential to improve cancer outcomes, with particular
30 attention to the likelihood that it will also lower health care
31 costs, substitute for a more costly diagnostic or treatment modality,
32 or offer a breakthrough treatment for cancer; (iii) its potential for
33 leveraging additional funding; (iv) its potential to provide cancer
34 care benefits; (v) its potential to stimulate cancer prevention and
35 health care delivery; (vi) the geographic diversity of the grantees
36 within Washington; (vii) evidence of potential royalty, sales, or
37 licensing revenue, or other commercialization-related revenue and
38 contractual means to recapture such income for purposes of this
39 chapter; and (viii) evidence of public and private collaboration.

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

12 (6) Create one or more permanent or ad hoc advisory boards
13 composed of scientists, clinicians, industrialists, and others
14 familiar with cancer research, prevention, and care; and

15 (7) Adopt policies and procedures to facilitate the orderly
16 process of grant application, review, and reward.

17 **Sec. 5.** RCW 43.350.040 and 2005 c 424 s 5 are each amended to
18 read as follows:

19 AUTHORITY—GENERAL POWERS. The authority has all the general
20 powers necessary to carry out its purposes and duties and to exercise
21 its specific powers. In addition to other powers specified in this
22 chapter, the authority may: (1) Sue and be sued in its own name; (2)
23 make and execute agreements, contracts, and other instruments, with
24 any public or private person or entity, in accordance with this
25 chapter; (3) employ, contract with, or engage independent counsel,
26 financial advisors, auditors, other technical or professional
27 assistants, and such other personnel as are necessary or desirable to
28 implement this chapter; (4) establish such special funds, and
29 controls on deposits to and disbursements from them, as it finds
30 convenient for the implementation of this chapter; (5) enter into
31 contracts with public and private entities for life sciences research
32 or cancer research to be conducted in the state; (6) adopt rules,
33 consistent with this chapter; (7) delegate any of its powers and
34 duties if consistent with the purposes of this chapter; (8) exercise
35 any other power reasonably required to implement the purposes of this
36 chapter; (~~and~~) (9) hire staff and pay administrative costs; and
37 (10) advance funds to defray charges for materials to be furnished or
38 services to be rendered by grant recipients pursuant to a grant

1 agreement, where the advance is determined to be in the best
2 interests of the authority.

3 NEW SECTION. **Sec. 6.** INDEPENDENT EXPERT SCIENTIFIC COMMITTEES
4 RELATED TO THE FUND TO FIGHT CANCER. (1) In addition to any advisory
5 boards the authority determines to establish under RCW 43.350.030(7)
6 or section 4(6) of this act, the authority must establish one or more
7 independent expert scientific review and advisory committees for the
8 purposes of: (a) Soliciting and evaluating grant proposals for cancer
9 research and recommending grants to be made from the fund to fight
10 cancer; (b) advising the authority during the development and review
11 of its strategic plans for cancer research; (c) advising the
12 authority on scientific and other matters in furtherance of the
13 cancer research purposes of this act; (d) advising the authority on
14 the recruitment of scientists in the fields of cancer research,
15 prevention, and treatment; and (e) advising the authority regarding a
16 statewide program for the genetic analysis of patient tumors to
17 optimize cancer therapies.

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

34 NEW SECTION. **Sec. 7.** FUND TO FIGHT CANCER PLAN AND STANDARDS.
35 (1) The board must develop a plan for the allocation of projected
36 amounts in the fund to fight cancer, which it must update annually,
37 following at least one annual public hearing. The plan must provide
38 for appropriate funding continuity and take into account the

1 projected speed at which revenues will be available and amounts that
2 can be spent during the plan period.

3 (2) Allocation targets must be developed in the plan for funding
4 targeted to pediatric cancer research. The plan with respect to
5 funding cancer research must seek to provide that no less than ten
6 percent of the funding is granted to areas outside the Puget Sound
7 region in part to build and diversify research capacity. However, all
8 grants for research meet the highest standards for scientific
9 research and are based on ethical standards and procedures that yield
10 fair, equitable, informed, and unbiased consideration.

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

25 (4) The authority must include as an addendum to the first annual
26 report, a proposed operating plan for the design, implementation, and
27 administration of an endowment program supporting the purposes of the
28 authority. The authority must submit the operating plan to the
29 governor, the legislature, and the stakeholders of the authority at
30 the time the first annual report is published.

31 (5) Periodically, but not less often than every three years, the
32 authority must conduct a request for proposals and retain the
33 services of an independent auditor with experience in performance
34 auditing of research-granting entities similar to the authority. The
35 independent auditor must review the strategic plan of the authority
36 for the allocation of projected amounts in the fund to fight cancer
37 and its performance against such plan and publish a report assessing
38 the performance of the authority. The independent auditor must make
39 recommendations to the authority, the governor, and the legislature
40 regarding improvements to the authority's performance for the

1 allocation of projected amounts in the fund to fight cancer. The
2 authority must hold at least one public hearing at which the results
3 of each audit are presented and discussed.

4 (6) The authority must establish standards for grants made from
5 the fund to fight cancer that may require that contracts for cancer
6 research, prevention, or care contain provisions that balance the
7 opportunity of the state or its public universities to derive benefit
8 from the intellectual or tangible property that result from cancer
9 research, prevention, or care activities performed subject to RCW
10 43.350.040, sections 4 and 6 of this act, and this section with the
11 need to assure that essential research is not unreasonably hindered.

12 (7) It is essential that the personal interests of authority
13 trustees, staff, and agents do not impede their judgment or
14 compromise their objectivity. Even the perception of a conflict of
15 interest has the potential to erode the public's confidence in the
16 authority's work. The authority must adopt policies to ensure that
17 all potential conflicts have been disclosed and that all conflicts
18 have been eliminated or mitigated.

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

23 NEW SECTION. **Sec. 8.** FUND TO FIGHT CANCER. (1) The fund to
24 fight cancer is created in the custody of the state treasurer to be
25 used solely for the purpose of providing funding for cancer research
26 as provided in RCW 43.350.040 and sections 4, 6, and 7 of this act.

27 (2) Revenues to the fund consist of: (a) Revenues appropriated by
28 the legislature from the fight cancer treasury fund created in
29 section 9 of this act and any other legislative appropriations; (b)
30 moneys received by the authority or the department of commerce from
31 gifts, grants, bequests, contribution agreements, royalty, sales, or
32 licensing revenue, or other commercialization-related revenue, grant
33 remittances, and other sources; and (c) interest earned on the fund.

34 (3) Only the board or the board's designee may authorize
35 expenditures from the fund. The fund is subject to the allotment
36 procedures of chapter 43.88 RCW, but an appropriation is not required
37 for expenditure.

38 (4) The board must develop and approve an annual budget for
39 expenditures from the fund to fight cancer.

1 NEW SECTION. **Sec. 9.** A new section is added to chapter 43.79
2 RCW to read as follows:

3 FIGHT CANCER TREASURY FUND. (1) The fight cancer treasury fund is
4 created in the state treasury. Revenues to the fund consist of taxes
5 levied pursuant to sections 10 and 11 of this act, subject to the
6 provisions of subsection (2) of this section. Moneys in the fund may
7 be expended solely after appropriation, subject to the provisions of
8 subsection (2) of this section.

9 (2)(a) Each fiscal year the amount to be deposited into the fight
10 cancer treasury fund created in this section must be reduced by the
11 amount necessary to offset the state revenue decrease to other state
12 accounts directly resulting from imposition of the additional taxes
13 imposed by sections 10 and 11 of this act, determined as follows: (i)
14 The department of revenue must determine by January 31, 2016, and by
15 each January 31st thereafter, the effect that the additional tax
16 imposed on cigarettes by section 10 of this act, and the additional
17 taxes on tobacco products imposed by section 11 of this act, have on
18 the consumption of cigarettes and tobacco products in this state; and
19 (ii) to the extent that a decrease in consumption is determined by
20 the department of revenue to be a direct result of the additional
21 taxes imposed by sections 10 and 11 of this act, the department of
22 revenue must determine the fiscal effect the decrease in consumption
23 has on state revenues to other state accounts and must provide the
24 state treasurer by March 1, 2016, and by each March 1st thereafter,
25 the amount of decreased revenues as determined in this subsection.

26 (b) The state treasurer must transfer the amount of decreased
27 revenue determined by the department of revenue in (a) of this
28 subsection from the fight cancer treasury fund to the general fund by
29 July 1, 2016, and by each July 1st thereafter.

30 (c) The amount remaining after any transfer required in (b) of
31 this subsection must be appropriated as follows:

32 (i) Fifty percent must be appropriated to the fund to fight
33 cancer created in section 8 of this act;

34 (ii) Ten percent must be appropriated to the tobacco prevention
35 and control account created in RCW 43.79.480 for the department of
36 health to implement coordinated strategies with local health
37 departments and local community organizations to reduce tobacco use;

38 (iii) Twenty percent must be appropriated to the WWAMI regional
39 medical education and training program account created in section 14
40 of this act; and

1 (iv) Twenty percent to the Washington State University medical
2 education and training program account created in section 15 of this
3 act.

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

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

11 (2) Taxes received pursuant to this section, including the
12 additional taxes received under RCW 82.24.280 resulting from the tax
13 rate increase in this section, must be deposited in the fight cancer
14 treasury fund created in section 9 of this act.

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

17 TOBACCO TAX. (1) In addition to the tax levied and collected in
18 RCW 82.26.020, and without regard to any limitations set forth in RCW
19 82.26.020, including without limitation the not-to-exceed cap on the
20 tax on cigars under RCW 82.26.020(1)(a), there is levied and
21 collected a tax upon the sale, handling, or distribution of all
22 tobacco products in this state, other than little cigars and moist
23 snuff, at the following rates, beginning July 1, 2015:

24 (a) For cigars except little cigars, a rate equal to ten percent
25 of the taxable sales price of cigars; and

26 (b) For all tobacco products except little cigars and moist
27 snuff, a rate equal to ten percent of the taxable sales price.

28 (2) Taxes under this section must be imposed at the time the
29 distributor (a) brings, or causes to be brought, into this state from
30 without the state tobacco products for sale, (b) makes, manufactures,
31 fabricates, or stores tobacco products in this state for sale in this
32 state, (c) ships or transports tobacco products to retailers in this
33 state, to be sold by those retailers, or (d) handles for sale any
34 tobacco products that are within this state but upon which tax has
35 not been imposed.

36 (3) Taxes received pursuant to this section must be deposited in
37 the fight cancer treasury fund created in section 9 of this act. Such
38 taxes include (a) the additional taxes received on moist snuff and

1 little cigars under RCW 82.26.020 resulting from the tax rate
2 increase in section 10 of this act and (b) the additional taxes
3 received under section 12 of this act resulting from the tax rate
4 increase in this section.

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

7 PAYMENT OF TAXES. (1) Any additional tax liability arising from a
8 tax rate increase under this chapter must be paid, along with reports
9 and returns prescribed by the department, on or before the last day
10 of the month in which the increase becomes effective.

11 (2) If not paid by the due date, interest applies to any unpaid
12 tax. Interest must be calculated at the rate as computed under RCW
13 82.32.050(2) from the date the tax became due until the date of
14 payment.

15 (3) If, upon examination of any returns or from other information
16 obtained by the department, it appears that a tax or penalty has been
17 paid less than that properly due, the department shall assess against
18 the taxpayer such additional amount found to be due. The department
19 shall notify the taxpayer by mail, or electronically as provided in
20 RCW 82.32.135, of the additional amount due, including any applicable
21 penalties and interest. The taxpayer must pay the additional amount
22 within thirty days from the date of the notice, or within such
23 further time as the department may provide.

24 (4) All of chapter 82.32 RCW applies to tax rate increases except
25 RCW 82.32.050(1) and 82.32.270.

26 (5) A retailer required to comply with this section is not
27 required to obtain a distributor's license as otherwise required
28 under this chapter as long as the retailer: (a) Does not sell tobacco
29 products other than to ultimate consumers; and (b) does not meet the
30 definition of "distributor" in RCW 82.26.010 other than with respect
31 to the sale of that retailer's preexisting inventory of tobacco
32 products subject to the tax reporting and payment requirements in
33 this section.

34 (6) Taxes received pursuant to this section must be deposited in
35 the fight cancer treasury fund created in section 9 of this act.

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

MANAGEMENT—INCOME—INVESTMENT INCOME ACCOUNT—DISTRIBUTION. (1)

Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury, and may be commingled with moneys in the state treasury for cash management and cash balance purposes.

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

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

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

(b) The following accounts and funds must receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The Washington promise scholarship account, the Washington advanced college tuition payment program account, the accessible communities account, the community and technical college innovation account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the county enhanced 911 excise tax account, the toll collection account, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family leave insurance account, the food animal veterinarian conditional scholarship account, the fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the Washington global health technologies and product development account, the grain inspection revolving fund, the industrial insurance rainy day fund, the juvenile accountability incentive account, the law enforcement

1 officers' and firefighters' plan 2 expense fund, the local tourism
2 promotion account, the multiagency permitting team account, the
3 pilotage account, the produce railcar pool account, the regional
4 transportation investment district account, the rural rehabilitation
5 account, the stadium and exhibition center account, the youth
6 athletic facility account, the self-insurance revolving fund, the
7 children's trust fund, the Washington horse racing commission
8 Washington bred owners' bonus fund and breeder awards account, the
9 Washington horse racing commission class C purse fund account, the
10 individual development account program account, the Washington horse
11 racing commission operating account, the fight cancer treasury fund,
12 the fund to fight cancer, the life sciences discovery fund, the
13 Washington state heritage center account, the reduced cigarette
14 ignition propensity account, the center for childhood deafness and
15 hearing loss account, the school for the blind account, the
16 Millersylvania park trust fund, the public employees' and retirees'
17 insurance reserve fund, and the radiation perpetual maintenance fund.

18 (c) The following accounts and funds must receive eighty percent
19 of their proportionate share of earnings based upon each account's or
20 fund's average daily balance for the period: The advanced right-of-
21 way revolving fund, the advanced environmental mitigation revolving
22 account, the federal narcotics asset forfeitures account, the high
23 occupancy vehicle account, the local rail service assistance account,
24 and the miscellaneous transportation programs account.

25 (d) Any state agency that has independent authority over accounts
26 or funds not statutorily required to be held in the custody of the
27 state treasurer that deposits funds into a fund or account in the
28 custody of the state treasurer pursuant to an agreement with the
29 office of the state treasurer (~~shall~~) must receive its
30 proportionate share of earnings based upon each account's or fund's
31 average daily balance for the period.

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

35 NEW SECTION. **Sec. 14.** A new section is added to chapter 28B.20
36 RCW to read as follows:

37 The WWAMI regional medical education and training program account
38 is created in the custody of the state treasurer. Legislative
39 appropriations from the fight cancer treasury fund must be deposited

1 into the account. Expenditures from the account may be used only for
2 the purposes of supporting the university's regional medical
3 education and training program. Only the president of the University
4 of Washington or the president's designee may authorize expenditures
5 from the account. The account is subject to allotment procedures
6 under chapter 43.88 RCW, but an appropriation is not required for
7 expenditures.

8 NEW SECTION. **Sec. 15.** A new section is added to chapter 28B.30
9 RCW to read as follows:

10 The Washington State University medical education and training
11 program account is created in the custody of the state treasurer.
12 Legislative appropriations from the fight cancer treasury fund must
13 be deposited into the account. Expenditures from the account may be
14 used only for the establishment, operation, and maintenance of a
15 school of medicine at the university. Only the president of
16 Washington State University or the president's designee may authorize
17 expenditures from the account. The account is subject to allotment
18 procedures under chapter 43.88 RCW, but an appropriation is not
19 required for expenditures.

20 NEW SECTION. **Sec. 16.** Sections 4 and 6 through 8 of this act
21 are each added to chapter 43.350 RCW.

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

25 NEW SECTION. **Sec. 18.** SEVERABILITY. If any provision of this
26 act or its application to any person or circumstance is held invalid,
27 the remainder of the act or the application of the provision to other
28 persons or circumstances is not affected.

29 NEW SECTION. **Sec. 19.** APPLICATION. This act applies only with
30 respect to tax liability incurred under chapter 82.24 or 82.26 RCW on
31 or after July 1, 2015, for the sale, handling, or distribution of
32 cigarettes or tobacco products.

33 NEW SECTION. **Sec. 20.** EFFECTIVE DATE. This act is necessary for
34 the immediate preservation of the public peace, health, or safety, or

1 support of the state government and its existing public institutions,
2 and takes effect July 1, 2015.

--- END ---