
BILL REQUEST - CODE REVISER'S OFFICE

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ATTY/TYPIST: AL:akl

BRIEF DESCRIPTION:

Initiative Measure No. 1356

filed April 23, 2014

1 AN ACT Relating to cancer research, prevention, and care; amending
2 RCW 43.350.010, 43.350.020, 43.350.030, 43.350.040, 43.350.050, and
3 43.350.070; reenacting and amending RCW 43.79A.040; adding new sections
4 to chapter 43.350 RCW; adding a new section to chapter 82.24 RCW;
5 adding new sections to chapter 82.26 RCW; creating new sections; and
6 providing an effective date.

7 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** FINDINGS AND INTENT. (1) The people of the
9 state of Washington find and declare the following:

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

18 (b) Sustained investment in cancer research, prevention, and care
19 is critical to reducing long-term health costs, saving lives, and

1 relieving pain and suffering. Unfortunately, federal funding and
2 private philanthropy are not sufficient to support and advance cancer
3 research, prevention, and care, and the lack of state funding further
4 worsens critical gaps. For example, state funding for successful
5 smoking prevention and control programs virtually has been eliminated
6 in the last several years, despite a 2011 study finding that Washington
7 saved more than five dollars in tobacco-related hospitalization costs
8 for every one dollar spent;

9 (c) Promoting the health of state residents is a fundamental
10 purpose of state government. It is a clear public purpose and
11 governmental function to promote cancer research and prevention and to
12 improve the quality and delivery of cancer care for the people of
13 Washington, and to enhance the competitive position of Washington state
14 in this vital sector of the economy; and

15 (d) The life sciences discovery fund authority has a successful
16 track record of grant making for research based on the best available
17 science. With additional public resources deposited to a fund
18 dedicated exclusively to cancer research, prevention, and care, the
19 life sciences discovery fund authority will provide sustained
20 investment in cancer research and the development of vital tools for
21 cancer prevention and care that are available throughout the state.

22 (2) It is the intent of the people of Washington in enacting this
23 measure to:

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

29 (b) Extend cancer prevention and care to underserved areas and
30 populations throughout the state, including a statewide program for the
31 genetic analysis of tumors to assist physicians in optimizing cancer
32 therapies in every region of Washington;

33 (c) Protect and benefit Washington taxpayers by funding proposals
34 for cancer research, prevention, and care that are reviewed by an
35 independent scientific panel subject to established ethical standards
36 and procedures that yield fair, equitable, informed, and unbiased
37 consideration; by reducing future state health care costs; and by

1 providing an opportunity for the state to benefit from royalty, sales,
2 or licensing revenue, or other commercialization-related revenue that
3 results from the research;

4 (d) Require strict fiscal and public accountability through
5 mandatory independent audits, transparent review processes and
6 consideration of funding proposals, open public meetings and hearings,
7 and annual reports to the public; and

8 (e) Grow the Washington economy by creating jobs and encouraging
9 investments that will generate new tax revenues in our state, and
10 advance the biotech, medical device, and health care information
11 technology industries in Washington to world leadership, as an economic
12 engine for Washington's future.

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

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

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

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

20 (3) "Bonds" means the bonds, notes, or other evidences of
21 indebtedness of the authority issued pursuant to this act, the interest
22 paid on which may or may not qualify for tax exemption.

23 (4) "Cancer" means a group of diseases involving unregulated cell
24 growth.

25 (5) "Cancer patient advocacy organizations" means groups with
26 offices in the state that promote cancer prevention and advocate on
27 behalf of cancer patients.

28 (6) "Cancer research" means advanced and applied research and
29 development relating to the causes, prevention, and diagnosis of cancer
30 and care of cancer patients including the development of tests,
31 medications, processes, and technologies and their manufacture and
32 commercialization and includes the costs of recruiting scientists and
33 establishing and equipping research facilities.

34 (7) "Care" means the treatment of cancer and the provision of
35 services to provide relief from pain and suffering for cancer patients,
36 and specifically includes genetic analysis of tumors to optimize cancer

1 therapies, medications, processes, and technologies used for these
2 purposes.

3 (8) "Commercial entity" means a for-profit entity located in the
4 state that develops, manufactures, or sells goods or services relating
5 to life sciences research or cancer prevention or care.

6 (9) "Committee" means an independent expert scientific review and
7 advisory committee established pursuant to section 4 of this act.

8 (10) "Contribution agreement" means any agreement authorized under
9 this chapter in which a private entity or a public entity other than
10 the state agrees to provide to the authority contributions for the
11 purpose of promoting life sciences research or for the purpose of
12 cancer research, prevention, or care.

13 ~~((+4))~~ (11) "Costs" means the costs and expenses associated with
14 the conduct of research, prevention, and care, including, but not
15 limited to, the cost of recruiting and compensating personnel, securing
16 and financing facilities and equipment, and conducting clinical trials.

17 (12) "Fund to fight cancer" means the fund created in section 10 of
18 this act.

19 (13) "Genetic analysis" means the use of DNA/RNA/protein sequencing
20 methods to define potential mutations or patterns to assist prescribing
21 physicians in determining anticancer medications or treatments that can
22 be utilized to optimize cancer therapies.

23 (14) "Health care delivery system" means hospitals and clinics
24 providing care to patients in the state.

25 (15) "Life sciences discovery fund" means the fund created in RCW
26 43.350.070.

27 (16) "Life sciences research" means advanced and applied research
28 and development intended to improve human health, including scientific
29 study of the developing brain and human learning and development, and
30 other areas of scientific research and development vital to the state's
31 economy.

32 ~~((+5))~~ (17) "Master settlement agreement" means the national
33 master settlement agreement and related documents entered into on
34 November 23, 1998, by the state and the four principal United States
35 tobacco product manufacturers, as amended and supplemented, for the
36 settlement of litigation brought by the state against the tobacco
37 product manufacturers.

1 (2)(a) The powers of the authority are vested in and shall be
2 exercised by a board of trustees consisting of (~~two members of~~
3 ~~either the house appropriations committee or the house committee~~
4 ~~dealing with technology issues, one from each caucus, to be appointed~~
5 ~~by the speaker of the house of representatives; two members of either~~
6 ~~the senate committee on ways and means or the senate committee dealing~~
7 ~~with technology issues, one from each caucus, to be appointed by the~~
8 ~~president of the senate; and seven members appointed by the governor~~
9 ~~with the consent of the senate, one of whom shall be appointed by the~~
10 ~~governor as chair of the authority and who shall serve on the board and~~
11 ~~as chair of the authority at the pleasure of the governor. The~~
12 ~~respective officials shall make the initial appointments no later than~~
13 ~~thirty days after May 12, 2005.)) thirteen members appointed by the
14 governor. Except as set forth in (a)(viii) of this subsection, the
15 trustees of the board of the authority shall be replaced with trustees
16 appointed as follows:~~

17 (i) Two trustees shall be appointed from nominations submitted by
18 the presidents of the University of Washington and Washington State
19 University;

20 (ii) Two trustees shall be appointed from nominations submitted by
21 the Fred Hutchinson cancer research center and the Seattle children's
22 research institute;

23 (iii) Two trustees shall be appointed from nominations submitted by
24 health and patient advocacy organizations;

25 (iv) Two trustees shall be appointed from nominations submitted by
26 entities or systems that provide health care delivery services;

27 (v) One trustee shall be appointed from a list of at least three
28 nominated by the speaker of the house of representatives;

29 (vi) One trustee shall be appointed from a list of at least three
30 nominated by the majority leader of the senate;

31 (vii) One trustee shall be appointed from nominations submitted by
32 any health sciences and services authority established under chapter
33 35.104 RCW;

34 (viii) The remaining two trustees shall be members of the public
35 appointed by the governor, one of whom shall be appointed by the
36 governor as chair of the authority and who shall serve on the authority
37 and as chair of the authority at the pleasure of the governor. Two
38 trustees of the board of the authority previously appointed by the

1 governor and serving unexpired terms as of the effective date of this
2 section, including the chair of the authority, shall be appointed under
3 this subsection (2)(a)(viii) to serve the remainder of their unexpired
4 terms.

5 (b) In soliciting nominations and appointing trustees, the governor
6 shall seek to identify individuals from throughout the state having
7 relevant knowledge, experience, and expertise with regard to (i) cancer
8 research, prevention, and care or life sciences research; (ii) health
9 care consumer issues; (iii) government finance and budget; and (iv) the
10 life sciences commercial sector. In soliciting nominations and
11 appointing trustees, the governor shall seek individuals who will
12 contribute to the geographic diversity of the board, with the goal that
13 at least five board members be from counties with a population less
14 than one million persons. The initial appointees under this act shall
15 be appointed on or before January 1, 2015.

16 (c) The term of the trustees, other than the chair, is four years
17 from the date of their appointment, except that the initial terms of
18 ((~~three~~)) four of the initial ((~~gubernatorial~~)) appointees, as
19 determined by the governor, are for two years from the date of their
20 appointment and the initial terms of four of the initial appointees, as
21 determined by the governor, are for three years from the date of their
22 appointment. A trustee may be appointed to not more than two full
23 consecutive terms. A trustee appointed by the governor may be removed
24 by the governor for cause under RCW 43.06.070 and 43.06.080. The
25 appropriate official shall fill any vacancy on the board by appointment
26 for the remainder of the unexpired term. The trustees ((~~appointed by~~
27 ~~the governor shall~~)) may not be compensated ((~~in accordance with RCW~~
28 ~~43.03.240 and~~)) but may be reimbursed, solely from the funds of the
29 authority, for expenses incurred in the discharge of their duties under
30 this chapter, subject to RCW 43.03.050 and 43.03.060. ((~~The trustees~~
31 ~~who are legislators shall be reimbursed for travel expenses in~~
32 ~~accordance with RCW 44.04.120.~~))

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

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

37 (5) Meetings of the board shall be held in accordance with the open
38 public meetings act, chapter 42.30 RCW, and at the call of the chair or

1 when a majority of the trustees so requests. Meetings of the board may
2 be held at any location within or out of the state, and trustees may
3 participate in a meeting of the board by means of a conference
4 telephone or similar communication equipment under RCW 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 it
7 in all legal proceedings.

8 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.350 RCW
9 to read as follows:

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

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

1 committee to fund a grant proposal must be approved by the board unless
2 the recommendation is rejected by a two-thirds vote of the entire
3 board.

4 **Sec. 5.** RCW 43.350.030 and 2005 c 424 s 4 are each amended to read
5 as follows:

6 AUTHORITY--TRUST POWERS. In addition to other powers and duties
7 prescribed in this chapter, the authority is empowered to:

8 (1) Use public moneys in the life sciences discovery fund,
9 leveraging those moneys with amounts received from other public and
10 private sources in accordance with contribution agreements, to promote
11 life sciences research including funding costs of life sciences
12 research and the administrative costs of the authority;

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

22 (3) Solicit and receive gifts, grants, and bequests, and enter into
23 contribution agreements with private entities and public entities
24 (~~other than the state to receive moneys in consideration of the~~
25 ~~authority's promise to leverage those moneys with amounts received~~
26 ~~through appropriations from the legislature and contributions from~~
27 ~~other public entities and private entities)), including commercial
28 entities, in order to use those moneys to promote life sciences
29 research and to fund the costs of cancer research, prevention, and
30 care. Nonstate moneys received by the authority for (~~this~~) the
31 purpose of promoting life sciences research shall be deposited in the
32 life sciences discovery fund (~~created in RCW 43.350.070~~) and amounts
33 received by the authority for the purpose of cancer research,
34 prevention, and care shall be deposited in the fund to fight cancer
35 created in section 10 of this act;~~

36 (~~(+3)~~) (4) Hold funds received by the authority for deposit in the
37 life sciences discovery fund exclusively in trust for their use

1 pursuant to this chapter to promote life sciences research and hold
2 funds received by the authority for deposit in the fund to fight cancer
3 exclusively in trust dedicated, pursuant to this act, to promote cancer
4 research, prevention, and care;

5 ((+4)) (5) Manage its funds, obligations, and investments as
6 necessary and as consistent with its purpose including the segregation
7 of revenues into separate funds and accounts;

8 ((+5)) (6)(a) Make grants to public and private entities,
9 including commercial entities, to fund or reimburse the entities
10 pursuant to contract for the promotion of life sciences research or for
11 cancer research, prevention, and care to be conducted or delivered in
12 the state. Grant agreements shall specify deliverables to be provided
13 by the recipient pursuant to the grant. The authority shall solicit
14 requests for funding and evaluate the requests by reference to factors
15 such as: ((+a)) (i) The quality of the proposed research or program;
16 ((+b)) (ii) its potential to improve health outcomes, with particular
17 attention to the likelihood that it will also lower health care costs,
18 substitute for a more costly diagnostic or treatment modality, or offer
19 a breakthrough treatment for a particular disease or condition or
20 cancer; ((+c)) (iii) its potential for leveraging additional funding;
21 ((+d)) (iv) its potential to provide health care benefits or benefit
22 human learning and development; ((+e)) (v) its potential to stimulate
23 ((the)) cancer prevention and health care delivery, biomedical
24 manufacturing, and ((life sciences)) related employment in the state;
25 ((+f)) (vi) the geographic diversity of the grantees within
26 Washington; ((+g)) (vii) evidence of potential royalty ((income)),
27 sales, or licensing revenue, or other commercialization-related revenue
28 and contractual means to recapture such income for purposes of this
29 chapter; and ((+h)) (viii) evidence of public and private
30 collaboration. No requests for funding or grant proposals may be
31 required for the funding of the state tobacco prevention and control
32 program.

33 (b) Grant agreements must set forth the terms and conditions of the
34 grant and must include, but not be limited to: (i) Deliverables to be
35 provided by the recipient pursuant to the grant; (ii) the circumstances
36 under which the grant amount would be required to be repaid or the
37 circumstances under which royalty, sales, or licensing revenue, or
38 other commercialization-related revenue would be required to be shared;

1 and (iii) indemnification, dispute resolution, and any other terms and
2 conditions as are customary for grant agreements or are deemed
3 reasonable by the board. The authority may negotiate with any grantee
4 the costs associated with performing scientific activities funded by
5 grants;

6 ((+6)) (7) Create one or more permanent or ad hoc advisory boards
7 composed of scientists, clinicians, industrialists, and others familiar
8 with life sciences research or cancer research, prevention, and care;
9 and

10 ((+7)) (8) Adopt policies and procedures to facilitate the orderly
11 process of grant application, review, and reward.

12 **Sec. 6.** RCW 43.350.040 and 2005 c 424 s 5 are each amended to read
13 as follows:

14 AUTHORITY--GENERAL POWERS. The authority has all the general
15 powers necessary to carry out its purposes and duties and to exercise
16 its specific powers. In addition to other powers specified in this
17 chapter, the authority may: (1) Sue and be sued in its own name; (2)
18 make and execute agreements, contracts, and other instruments, with any
19 public or private person or entity, including commercial entities, in
20 accordance with this chapter; (3) employ, contract with, or engage
21 independent counsel, financial advisors, auditors, other technical or
22 professional assistants, and such other personnel as are necessary or
23 desirable to implement this chapter; (4) establish such special funds,
24 and controls on deposits to and disbursements from them, as it finds
25 convenient for the implementation of this chapter; (5) enter into
26 contracts with public and private entities, including commercial
27 entities, for life sciences research or cancer research, prevention, or
28 care to be conducted in the state, including interagency contracts for
29 administrative or other services; (6) adopt rules, consistent with this
30 chapter; (7) delegate any of its powers and duties if consistent with
31 the purposes of this chapter; (8) exercise any other power reasonably
32 required to implement the purposes of this chapter; ((and)) (9) hire
33 staff and pay administrative costs; and (10) advance funds to defray
34 charges for materials to be furnished or services to be rendered by
35 grant recipients pursuant to authority rule permitting advances, in
36 amounts no greater than the estimated charges, where the advances would
37 be in the best interests of the authority.

1 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.350 RCW
2 to read as follows:

3 FUND TO FIGHT CANCER PLAN AND STANDARDS. (1) The board shall
4 develop a plan for the allocation of projected amounts in the fund to
5 fight cancer, which it shall update annually, following at least one
6 annual public hearing. The plan must provide for appropriate funding
7 continuity and the allocation of funding among research, prevention,
8 and care, and take into account the projected speed at which revenues
9 will be available and amounts that can be spent during the plan period.
10 Over a projected ten years of spending of amounts in the fund to fight
11 cancer, the plans must provide that in the aggregate:

12 (a) No less than sixty percent of grant funds may be allocated to
13 grants for cancer research;

14 (b) No less than twenty percent of grant funds may be allocated to
15 grants for cancer prevention including as a part of that twenty
16 percent, no less than fifty percent to fund the state tobacco
17 prevention and control program; and

18 (c) No less than fifteen percent of grant funds may be allocated to
19 grants for cancer care, including as a part of that fifteen percent, no
20 less than seventy-five percent in the first five years of the ten-year
21 plan to fund a statewide program to provide genetic analysis of tumors
22 to optimize cancer therapies, particularly in areas of the state where
23 prescribing physicians do not have access to such analysis.

24 (2) Allocation targets must be developed in the plan for funding
25 targeted to pediatric cancer research, prevention, and care. Cancer
26 prevention programs must be targeted to the extent practical to most
27 effectively address the greatest risks of cancers to identified
28 populations in various geographical areas. The plan with respect to
29 funding cancer research must seek to provide that, by the fifth year of
30 the program, no less than ten percent of the funding is granted to
31 areas outside the Puget Sound region in part to build and diversify
32 research capacity: PROVIDED, That all grants for research meet the
33 highest standards for scientific research and are based on ethical
34 standards and procedures that yield fair, equitable, informed, and
35 unbiased consideration. Beginning no later than the seventh year of
36 the spending plan, the plan must consider how cancer fighting efforts
37 will continue following the tenth year.

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

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

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

37 (6) It is essential that the personal interests of authority
38 trustees, staff, and agents do not impede their judgment or compromise

1 their objectivity. Even the perception of a conflict of interest has
2 the potential to erode the public's confidence in the authority's work.
3 The authority shall adopt policies to ensure that all potential
4 conflicts have been disclosed and that all conflicts have been
5 eliminated or mitigated.

6 (7) The authority shall establish standards to ensure that
7 recipients of grants for cancer research or life sciences research,
8 prevention, or care purchase goods and services from Washington
9 suppliers to the extent reasonably possible.

10 **Sec. 8.** RCW 43.350.050 and 2005 c 424 s 6 are each amended to read
11 as follows:

12 LIMITATION OF LIABILITY. Members of the board and persons acting
13 on behalf of the authority, while acting within the scope of their
14 employment or agency, are not subject to personal liability resulting
15 from carrying out the powers and duties conferred on them under this
16 chapter. Neither the state nor the authority is liable for any loss,
17 damage, harm, or other consequence resulting directly or indirectly
18 from grants made by the authority or by any life sciences research or
19 cancer research, prevention, or care funded by such grants.

20 **Sec. 9.** RCW 43.350.070 and 2011 c 5 s 916 are each amended to read
21 as follows:

22 LIFE SCIENCES DISCOVERY FUND. The life sciences discovery fund is
23 created in the custody of the state treasurer. Only the board or the
24 board's designee may authorize expenditures from the fund.
25 Expenditures from the fund may be made only for purposes of this
26 chapter. Administrative expenses of the authority relating to life
27 sciences research, including staff support, may be paid only from the
28 fund. Revenues to the fund consist of transfers made by the
29 legislature from strategic contribution payments deposited in the
30 tobacco settlement account under RCW 43.79.480, moneys received
31 pursuant to contribution agreements entered into pursuant to RCW
32 43.350.030, moneys received from gifts, grants, and bequests, and
33 interest earned on the fund. During the 2009-2011 fiscal biennium, the
34 legislature may transfer to other state funds or accounts such amounts
35 as represent the excess balance of the life sciences discovery fund.

1 NEW SECTION. **Sec. 10.** A new section is added to chapter 43.350
2 RCW to read as follows:

3 FUND TO FIGHT CANCER. (1) The fund to fight cancer is created as
4 a special trust fund in the custody of the state treasurer. This
5 special trust fund is of a proprietary nature, and is held and
6 dedicated exclusively for the specific purpose of funding cancer
7 research, prevention, and care as provided in this act. An
8 appropriation is not required for expenditures from or payment of
9 obligations of the fund to fight cancer pursuant to this act.

10 (2) The board shall develop and approve an annual budget for the
11 expenditure of funds on deposit in the fund to fight cancer. Only the
12 board or the board's designee may authorize expenditures from the fund
13 pursuant to its annual budget. Expenditures from the fund may be made
14 only for the following purposes and in the following order of priority:

15 (a) For the payment of principal of and interest when due and payable
16 on bonds issued pursuant to this act; (b) for the maintenance of
17 required debt service reserves and other reserves consistent with
18 covenants to bond owners or otherwise necessary to market and sell the
19 bonds in the determination of the board; (c) for the cancer research,
20 prevention, and care purposes of this act, including costs of the
21 authority in fulfilling this purpose; and (d) for deposit, in the
22 discretion of the board, to the public health supplemental account,
23 public health services account, or such comparable state account from
24 which expenditures for the purposes of this act are made and
25 exclusively for such use. Deposits under (d) of this subsection may be
26 made after payment of debt service under (a) of this subsection,
27 maintenance of reserves under (b) of this subsection, and expenditures
28 designated in (c) of this subsection.

29 (3) In years one through three of the fund to fight cancer, and
30 subject to the priorities set forth in subsection (2)(a), (b), and (c)
31 of this section, the amount to be deposited under subsection (2)(d) of
32 this section must be the amount necessary to offset the state revenue
33 decrease directly resulting from imposition of the additional taxes
34 imposed by sections 13 and 14 of this act, determined as follows: (a)
35 The department of revenue shall determine within one year of the
36 effective date of this section, and twice annually thereafter, the
37 effect that the additional tax imposed on cigarettes by section 13 of
38 this act, and the additional taxes on tobacco products imposed by

1 section 14 of this act, have on the consumption of cigarettes and
2 tobacco products in this state; and (b) to the extent that a decrease
3 in consumption is determined by the department of revenue to be a
4 direct result of the additional tax imposed by section 13 of this act,
5 or a direct result on the additional taxes on tobacco products imposed
6 by section 14 of this act, the department of revenue shall determine
7 the fiscal effect the decrease in consumption has on state revenues and
8 shall certify to the board the amount of the fiscal effect, together
9 with supporting documentation, for the board's acceptance, which
10 acceptance may not be unreasonably withheld.

11 (4) The following must be deposited into the fund to fight cancer:
12 (a) The taxes authorized in this act; (b) the proceeds of bonds issued
13 by the authority pursuant to this act; (c) moneys received by the
14 authority from gifts, grants, bequests, contribution agreements,
15 royalty, sales or licensing revenue, or other commercialization-related
16 revenue, grant remittances, and other sources; and (d) interest earned
17 on the fund.

18 (5) For so long as any bonds issued pursuant to this act remain
19 outstanding, all amounts on deposit in the fund must be pledged to the
20 holders of the bonds outstanding for their repayment, subject only to
21 their use in accordance with this act. Amounts in the fund may be set
22 aside by the board as reserves for the payment of debt service on the
23 bonds.

24 NEW SECTION. **Sec. 11.** A new section is added to chapter 43.350
25 RCW to read as follows:

26 BONDS. (1) For the purpose of providing funds to pay for cancer
27 research, prevention, and care and other related expenditures
28 authorized by this act, the authority is authorized to issue bonds in
29 accordance with this act. Such bonds shall be issued in the name of
30 the authority and shall be obligations only of the authority payable
31 from the fund to fight cancer or debt retirement account therein.
32 Bonds issued in the name of the authority shall contain a recital on
33 their face to the effect that payment of the principal of, interest on,
34 and prepayment premium, if any, on the bonds, shall be a valid claim
35 only as against the fund to fight cancer or debt retirement account
36 therein, that neither the faith and credit nor the general taxing power
37 of the state or any municipal corporation, subdivision, or agency of

1 the state, other than as set forth in this act, is pledged to the
2 payment of the principal of, interest on, and prepayment premium, if
3 any, on the bonds. Contracts relating to bonds issued in the name of
4 the authority shall be entered into in the name of the authority and
5 not in the name of the state of Washington. The obligations of the
6 authority under such contracts shall be obligations only of the
7 authority and are not in any way obligations of the state of
8 Washington.

9 (2) The authority may issue its bonds in principal amounts that, in
10 the opinion of the board, are necessary to provide sufficient funds for
11 achievement of its purposes, the payment of debt service on its bonds,
12 the establishment of reserves to secure the bonds, the costs of
13 issuance of its bonds including credit enhancements, if any, and all
14 other expenditures of the authority incident to and necessary to carry
15 out its purposes or powers. The bonds may be issued in one or more
16 series an aggregate amount not to exceed one billion dollars upon
17 approval of this initiative pursuant to Article VIII, section 3 of the
18 state Constitution, without regard to the debt limitation set forth in
19 Article VIII, section 1 of the state Constitution. The authority may
20 also issue refunding bonds, including advance refunding bonds, for the
21 purpose of refunding previously issued bonds, and may issue other types
22 of bonds, debt obligations, and financing arrangements necessary to
23 fulfill its purposes or the purposes of this chapter. The bonds are
24 investment securities and negotiable instruments within the meaning of
25 and for the purposes of the uniform commercial code.

26 (3) Authority bonds shall bear such date or dates, mature at such
27 time or times, be in such denominations, be in such form, be registered
28 or registrable in such manner, be made transferable, exchangeable, and
29 interchangeable, be payable in such medium of payment, at such place or
30 places, be subject to such terms of redemption, bear such fixed or
31 variable rate or rates of interest, be taxable or tax exempt, be
32 payable at such time or times, and be sold in such manner and at such
33 price or prices, as the board determines. The bonds shall be executed
34 by one or more officers of the authority, and by the bond trustee or
35 paying agent if the authority determines to use a bond trustee or
36 paying agent for the bonds. Execution of the bonds may be by manual or
37 facsimile signature, provided that at least one signature on the bond
38 is manual.

1 (4) Authority bonds shall be subject to such terms, conditions,
2 covenants, and protective provisions as are found necessary or
3 desirable by the authority, including, but not limited to, pledges of
4 the fund to fight cancer, or any bond retirement account or reserve
5 account therein, and taxes authorized under this act, setting aside of
6 reserves, and other provisions the authority finds are necessary or
7 desirable for the security of bondholders.

8 (5) Any pledge of the fund to fight cancer, or any bond retirement
9 account or reserve account therein, or the taxes authorized under this
10 act shall be valid and binding at the time the authority makes such
11 pledge. Amounts so pledged and then or thereafter received by the
12 authority and any securities in which such receipts may be invested
13 shall immediately be subject to the lien of such pledge without any
14 physical delivery thereof or further act. The lien of any such pledge
15 shall be valid and binding as against all parties having claims of any
16 kind against the authority, whether such parties have notice of the
17 lien. In any year the amount accumulated in the fund to fight cancer
18 is insufficient for the payment of the principal and interest on the
19 bonds issued under this chapter, the amount of the insufficiency shall
20 be a continuing obligation against the fund to fight cancer.
21 Notwithstanding any other provision to the contrary, the resolution or
22 indenture of the authority or any other instrument by which a pledge is
23 created need not be recorded or filed pursuant to chapter 62A.9A RCW to
24 perfect such pledge. The authority shall constitute a governmental
25 unit within the meaning of RCW 62A.9A-102.

26 (6) When issuing bonds, the authority may provide for the future
27 issuance of additional bonds or parity debt on a parity with
28 outstanding bonds, and the terms and conditions of their issuance. The
29 authority may issue refunding bonds in accordance with chapter 39.53
30 RCW or issue bonds with a subordinate lien against the fund to fight
31 cancer, or any bond retirement account therein, or the taxes securing
32 outstanding bonds.

33 (7) The board and any person executing the bonds are not liable
34 personally on the indebtedness or subject to any personal liability or
35 accountability by reason of the issuance thereof.

36 (8) The authority may, out of any amounts available therefor,
37 purchase bonds issued under this act.

1 (9) Bonds issued under this act are hereby made securities in which
2 all insurance companies, trust companies in their commercial
3 departments, savings banks, cooperative banks, banking associations,
4 investment companies, executors, trustees and other fiduciaries, and
5 all other persons whatsoever who are now or may hereafter be authorized
6 to invest in obligations of the state may properly and legally invest
7 funds, including capital in their control or belonging to them.

8 (10) As provided in this section and for the purposes of RCW
9 39.42.010, chapter 39.42 RCW does not apply to bonds issued under this
10 act.

11 NEW SECTION. **Sec. 12.** A new section is added to chapter 43.350
12 RCW to read as follows:

13 BANKRUPTCY. Prior to the date that is three hundred sixty-six days
14 after which bonds are no longer outstanding under this act, the
15 authority is prohibited from filing a voluntary petition under chapter
16 9 of the federal bankruptcy code or such corresponding chapter or
17 section as may, from time to time, be in effect, and a public official
18 or organization, entity, or other person shall not authorize the
19 authority to be or become a debtor under chapter 9 or any successor or
20 corresponding chapter or sections during such periods. This section
21 shall be part of any contractual obligation owed to the holders of
22 bonds issued under this chapter. Any such contractual obligation shall
23 not subsequently be modified by state law during the period of the
24 contractual obligation.

25 NEW SECTION. **Sec. 13.** A new section is added to chapter 82.24 RCW
26 to read as follows:

27 CIGARETTE TAX. (1) In addition to the tax imposed upon the sale,
28 use, consumption, handling, possession, or distribution of cigarettes
29 set forth in RCW 82.24.020 and 82.24.026, there is imposed a tax in an
30 amount equal to five cents per cigarette, which must be levied and
31 collected, commencing on July 1, 2015.

32 (2) The board of the life sciences discovery fund authority may
33 pledge the taxes imposed and collected under this section for the
34 payment and security of any bonds issued under section 11 of this act,
35 and so long as such bonds are outstanding the taxes imposed under this

1 section must not be repealed and the rate of the taxes must not be
2 reduced.

3 (3) Taxes received pursuant to this section must be deposited in
4 the fund to fight cancer created in section 10 of this act and used
5 exclusively for the purposes set forth in this act.

6 NEW SECTION. **Sec. 14.** A new section is added to chapter 82.26 RCW
7 to read as follows:

8 TOBACCO TAX. (1) In addition to the tax levied and collected in
9 RCW 82.26.020, and without regard to any limitations set forth in RCW
10 82.26.020, including without limitation the not-to-exceed cap on the
11 tax on cigars under RCW 82.26.020(1)(a), there is levied and collected
12 a tax upon the sale, handling, or distribution of all tobacco products
13 in this state at the following rates, commencing on July 1, 2015:

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

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

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

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

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

31 (3) The board of the life sciences discovery fund authority may
32 pledge the taxes imposed and collected under this section for the
33 payment and security of any bonds issued under section 11 of this act,
34 and so long as such bonds are outstanding the taxes imposed under this
35 section must not be repealed and the rate of the taxes must not be
36 reduced.

1 (4) Taxes received pursuant to this section must be deposited in
2 the fund to fight cancer created in section 10 of this act and used
3 exclusively for the purposes set forth in this act.

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

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

16 (2) For any cigarettes on which a tax pursuant to RCW 82.24.020 and
17 82.24.026 has already been paid, and that are in the possession or
18 control of a distributor, wholesaler, retailer, or any other person in
19 the business of distributing or selling cigarettes on the effective
20 date of the additional tax on the sale, use, consumption, handling,
21 possession, or distribution of cigarettes under section 13 of this act,
22 the distributor, wholesaler, retailer, or other person shall, to fully
23 comply with the additional tax, make a tax payment equal to the tax
24 rate on the cigarettes, taking into account the additional tax, minus
25 the amount of tax already paid on those cigarettes.

26 (3) These payments must be made to the department within thirty
27 days of the effective date of the tax rate increase due to the
28 additional taxes under section 13 or 14 of this act and must be
29 submitted along with a report, in such a form as the department may
30 prescribe, describing all the subject cigarettes or tobacco products in
31 the possession or control of the distributor, retailer, or other person
32 on the effective date of the tax rate increase due to the additional
33 taxes and showing the related tax payments due.

34 (a) Any tax payments pursuant to this section made later than
35 thirty days after the effective date of the tax rate increase due to
36 the additional taxes under section 13 or 14 of this act must also pay

1 interest at the rate of two percent per month or fraction of a month
2 from the date the tax payment was due until the date that the tax
3 payment is received by the department.

4 (b) Any tax payments pursuant to this section received by the
5 department within twenty days of the tax rate increase due to the
6 additional taxes under section 13 or 14 of this act may be reduced by
7 one percent.

8 (4) The board of the life sciences discovery fund authority may
9 pledge the taxes imposed and collected under this section for the
10 payment and security of any bonds issued under section 11 of this act,
11 and so long as such bonds are outstanding the taxes imposed under this
12 section must not be repealed and the rate of the taxes must not be
13 reduced.

14 (5) Taxes received pursuant to this section must be deposited in
15 the fund to fight cancer created in section 10 of this act and used
16 exclusively for the purposes set forth in this act.

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

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

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

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

36 (4)(a) Monthly, the state treasurer must distribute the earnings

1 credited to the investment income account to the state general fund
2 except under (b), (c), and (d) of this subsection.

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

1 maintenance fund. The earnings to be distributed from the life
2 sciences discovery fund and fund to fight cancer must first be reduced
3 by the allocation to the state treasurer's service fund pursuant to RCW
4 43.08.190.

5 (c) The following accounts and funds must receive eighty percent of
6 their proportionate share of earnings based upon each account's or
7 fund's average daily balance for the period: The advanced right-of-way
8 revolving fund, the advanced environmental mitigation revolving
9 account, the federal narcotics asset forfeitures account, the high
10 occupancy vehicle account, the local rail service assistance account,
11 and the miscellaneous transportation programs account.

12 (d) Any state agency that has independent authority over accounts
13 or funds not statutorily required to be held in the custody of the
14 state treasurer that deposits funds into a fund or account in the
15 custody of the state treasurer pursuant to an agreement with the office
16 of the state treasurer shall receive its proportionate share of
17 earnings based upon each account's or fund's average daily balance for
18 the period.

19 (5) In conformance with Article II, section 37 of the state
20 Constitution, no trust accounts or funds shall be allocated earnings
21 without the specific affirmative directive of this section.

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 act
26 or its application to any person or circumstance is held invalid, the
27 remainder of the act or the application of the provision to other
28 persons or circumstances is not affected.

29 NEW SECTION. Sec. 19. EFFECTIVE DATE. This act takes effect
30 January 1, 2015.

31 NEW SECTION. Sec. 20. APPLICATION. This act applies only with
32 respect to tax liability incurred under chapter 82.24 or 82.26 RCW on

1 or after January 1, 2015, for the sale, handling, or distribution of
2 cigarettes or tobacco products.

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