

SENATE BILL REPORT

HB 2679

As Reported by Senate Committee On:
Trade & Economic Development, February 24, 2016

Title: An act relating to consolidating the duties, powers, missions, functions, and funds of the life sciences discovery fund authority and the cancer research endowment authority within a center of excellence for life sciences and cancer research.

Brief Description: Consolidating the duties, powers, missions, functions, and funds of the life sciences discovery fund authority and the cancer research endowment authority within a center of excellence for life sciences and cancer research.

Sponsors: Representatives Morris and Stanford.

Brief History: Passed House: 2/17/16, 89-9.

Committee Activity: Trade & Economic Development: 2/24/16, 2/24/16 [DP-WM, DNP, w/oRec].

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Brown, Chair; Angel, Carlyle and McCoy.

Minority Report: Do not pass.
Signed by Senators Chase, Ranking Minority Member; Ericksen.

Minority Report: That it be referred without recommendation.
Signed by Senator Braun, Vice Chair.

Staff: Jeff Olsen (786-7428)

Background: Life Sciences Discovery Fund. In 2005, the Legislature created the Life Sciences Discovery Fund Authority (Authority) to provide funding opportunities to promote life sciences research. The Authority is governed by an 11-member board, with seven members appointed by the Governor and four members appointed by the Legislature. The Authority is authorized to leverage public funds to promote life science research to strengthen Washington's economy. The Authority's Board, or the Board's designee, may authorize expenditures from the Life Sciences Discovery Fund (Fund). The Fund receives revenues from multi-state tobacco settlement payments, called "strategic contribution payments." Strategic contribution payments are scheduled to terminate in 2017.

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

Cancer Research Endowment. In 2015, the Legislature created the Cancer Research Endowment Authority (CREA). The Governor appoints a 13-member board of trustees with representatives from research universities, cancer research institutions, patient advocacy organizations, businesses engaged in commercialization of life sciences or cancer research, health care delivery systems, the Legislature, fund donors, and the public.

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

The CREA must contract with a program administrator to provide services including solicitation of grants, gifts and donations; grant distribution; and fund management. The program administrator must be a private nonprofit corporation with expertise in conducting or managing research granting activities, funds, or organizations. The program administrator must also establish the Cancer Research Endowment (CARE) Fund outside the State Treasury for the deposit of grants and contributions received from public and private sources. Assets in the CARE Fund are not considered state revenue. Funds must be used to fund grants for the CARE Program.

The Cancer Research Endowment Fund Match Transfer Account (Transfer Account) is created in the custody of the State Treasurer. Funds in the Transfer Account are used to provide matching funds for the CARE Fund and for administrative costs. The Director of the Department of Commerce may make expenditures from the Transfer Account for deposit into the CARE Fund upon proof of non-state or private contributions to the CARE Fund. Expenditures may not exceed the total amount of non-state or private contributions. Beginning July 1, 2016, the Transfer Account may receive up to \$10 million each fiscal year from tax collections and penalties generated from enforcement of state taxes on cigarettes and other tobacco products. The 2015-17 omnibus Operating Budget appropriated \$5 million from the State General Fund to the Transfer Account.

Summary of Bill: A Center of Excellence for Life Sciences and Cancer Research (Center) is created within the CREA to promote sustained investment in life sciences and cancer research. The Cancer Research Endowment Program is renamed the Cancer Research Program within the Center. The Center is encouraged to submit a report to the Legislature by December 1, 2016, with recommendations for how the state can recruit top graduate student talent in the fields of life sciences and cancer research.

The Authority must distribute cancer research funds including the solicitation, selection, and award of grants. The Authority must develop and annually update a plan for the allocation of projected amounts in the Cancer Research Fund and the CARE Fund. Grant agreements from either fund must set forth the terms and conditions of the grant, including deliverables, circumstances where repayment or revenue-sharing would be necessary, and other terms.

The Authority must establish an independent expert scientific review and advisory committees for the purposes of evaluating grant proposals and making recommendations for grants from the cancer research fund. The Authority may not award a cancer research program grant for a proposal that was not recommended by an independent expert scientific review and advisory committee.

The Cancer Research Endowment Fund Match Transfer Account, a non-appropriated account in the custody of the State Treasurer, is modified and renamed the Cancer Research Fund. The Authority's Board or its designee may authorize expenditures from the Cancer Research Fund to provide matching funds for cancer research grants and contributions pledged by public and private sources to public and private entities.

The existing CARE Fund managed by the program administrator is repealed and a new CARE Fund is established and managed by the Authority. The CARE fund is a separate private account outside of the treasury where grants and contributions from non-state public and private sources may be deposited. Assets in the CARE Fund are not considered state revenue. Funds must be used to fund grants for the Cancer Research Program. The Authority may create additional legal entities and take such action as may be necessary or advisable to enable the CARE Fund to accept charitable contributions.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: PRO: The bill provides an opportunity to leverage the current work of the Life Sciences Discovery Fund Authority (LSDF) and the value that it has created over the last 10 years of grant-making and grant management. The LSDF has experience in making grants to high quality projects in the cancer research field. The LSDF is a well know and trusted organization in the Washington life sciences and cancer research community that can manage the Cancer Research Center of Excellence with a high degree of integrity. The bill maintains the key features of the private-public partnership for cancer research that was created last year while trying to achieve efficiencies by using existing infrastructure. One concern is the newly created cancer focused board created last year, which would bring scientific leaders to the board, and the issue may need further discussion as the bill moves forward. Investments in life sciences research has improved health care outcomes for citizens and created jobs.

Persons Testifying: PRO: Representative Stanford; John DesRosier, Life Sciences Discovery Fund; Martin Cheever, Fred Hutchinson Cancer Research Center; Stephen McCraith, RJSBio, Inc. (CEO); Thomas Bates, Fred Hutchinson Cancer Research Center; Aaron Czyzewski, Leukemia & Lymphoma Society, Executive Director Patient Access Business Strategy.

Persons Signed In To Testify But Not Testifying: No one.