

# SENATE BILL REPORT

## SB 5808

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As Reported by Senate Committee On:  
Health Care, February 19, 2015

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

**Brief Description:** Concerning cancer research.

**Sponsors:** Senators Habib, Becker, Ranker, Liias, McAuliffe, Keiser, Hasegawa and Frockt.

**Brief History:**

**Committee Activity:** Health Care: 2/16/15, 2/19/15 [DPS-WM, DNP, w/oRec].

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### SENATE COMMITTEE ON HEALTH CARE

**Majority Report:** That Substitute Senate Bill No. 5808 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Becker, Chair; Dammeier, Vice Chair; Frockt, Ranking Minority Member; Brown, Cleveland, Conway, Jayapal and Parlette.

**Minority Report:** Do not pass.  
Signed by Senator Angel.

**Minority Report:** That it be referred without recommendation.  
Signed by Senators Bailey, Keiser and Rivers.

**Staff:** Evan Klein (786-7483)

**Background:** National Cancer Institute. The National Cancer Institute (NCI), part of the National Institutes of Health and the Department of Health and Human Services, is the nation's principal agency for cancer research and coordinates the national Cancer Program. As a federal agency, NCI receives its funds from Congress. These funds support research at the Institute's headquarters in Bethesda, Maryland, and in laboratories and medical centers throughout the United States and in other countries, as well as a variety of research grants and other funding opportunities.

Life Sciences Discovery Fund. In 2005 the Washington Legislature created the Life Sciences Discovery Fund Authority (LSDF) with the purpose of promoting life sciences research to foster a preventive and predictive vision of the next generation of health-related innovations, to enhance the competitive position of Washington in this sector of the economy, and to

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improve the quality and delivery of health care for the people of Washington. It is expected that this purpose will be achieved by making grants to research institutions in the state. The Authority is governed by an 11-member board, with seven members appointed by the Governor and four members appointed by the Legislature.

Washington Tobacco Taxes. Washington taxes tobacco distributors for the sale, use, consumption, handling, or distribution of cigarettes, cigars, pipe tobacco, chewing tobacco, and other forms of tobacco. Cigarettes are taxed at a rate of \$0.15125 per cigarette or \$3.025 per pack of 20; other tobacco products have a tax rate of 95 percent of the taxable sales price; cigars have a 95 percent tax on the taxable sales price of cigars, not to exceed \$0.65 per cigar; little cigars are taxed at the same rate per unit as cigarettes; and moist snuff is taxed based on the net weight at a rate of \$2.526 per single unit of 1.2 ounces or less. Cigarettes are also subject to sales and use tax.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Recommended Substitute):** Fund to Fight Cancer Authority. The fund to fight cancer authority (Authority) as a public instrumentality and agency of the state, separate and distinct from the state, with public and governmental functions is established. The Authority must have a 13-member board of trustees appointed by the Governor. The trustees serve terms of four years and may only be appointed for up to two consecutive terms.

The Authority must establish one or more scientific review and advisory committees for the purposes of:

- soliciting and evaluating grant proposals for cancer research;
- advising the Authority during review of strategic plans for cancer research;
- advising the Authority on scientific matters;
- advising the Authority on the recruitment of scientists; and
- advising the Authority regarding a statewide program for genetic analysis.

The committee to solicit and evaluate grant proposals for cancer research is created and must consist of at least 11 members with expertise in scientific, clinical, ethical, commercial, and regulatory aspects of cancer research, prevention, and care.

The Authority is empowered to:

- use public monies and taxes created by this act, and leverage public and private monies, to promote life sciences research including cancer research;
- solicit and receive gifts, grants, and bequests;
- hold funds received in trust to promote cancer research;
- manage its funds, obligations, and investments;
- make grants to public and private entities to fund or reimburse the entities for the promotion of life sciences research or for cancer research to be conducted in Washington;
- create one or more permanent or ad hoc advisory boards; and
- adopt policies and procedures to facilitate the grant process.

The Authority must develop and annually update a plan for the allocation of projected funds, including allocation targets for funding pediatric cancer research. The Authority must issue

an annual report to the public including the grants that have been awarded, associated research and accomplishments, cancer prevention efforts, and the future program direction. The Authority must include in its initial report, an endowment plan for the ongoing support of the Authority. The Authority must request an audit at least once every three years.

Members of the board and others acting on behalf of the Authority are not subject to personal liability while working within the scope of their employment.

A fund to fight cancer is created in the state treasury. Receipts from taxes distributed to the fund must be deposited in the fund to fight cancer account.

Cigarette Tax. A new tax of \$0.025 per cigarette is created to be deposited in the fund to fight cancer. The subsequent increase in tax to moist snuff and little cigars, tied to the increase in the cigarette tax, also must be deposited in the fund to fight cancer.

Tobacco Tax. A new tax is created upon the sale, handling, or distribution of all tobacco products in Washington, except little cigars and moist snuff, of 10 percent, to be deposited in the fund to fight cancer. The tax is imposed at the time a distributor brings the product into the state, manufactures the product in this state, ships the product to retailers in this state, or handles the product for sale where no tax has already been imposed.

**EFFECT OF CHANGES MADE BY HEALTH CARE COMMITTEE (Recommended Substitute):** A citation is removed from section 4. The 10 percent taxes for moist snuff and little cigars are also removed, and the subsequent increase in tax to moist snuff and little cigars, tied to the increase in the cigarette tax, is directed to the fund to fight cancer.

**Appropriation:** None.

**Fiscal Note:** Available.

[OFM requested ten-year cost projection pursuant to I-960.]

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

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2015.

**Staff Summary of Public Testimony on Proposed Substitute as Heard in Committee:**

PRO: This is a transformative moment in cancer research. There are new therapies and treatments being discovered that provide opportunity for research to save lives and money. This bill would help alleviate cuts to national research funding and allow Washington State to fund cancer research that could help save lives. The Fred Hutch Institute is losing grant funding because of a decrease in federal funding, while other states are funding cancer research and drawing research institutes and professionals away from Washington.

CON: The sales tax on tobacco products in this bill would not be a sustained source of revenue in the long term. The tax component would push Washington prices even higher above the already cheaper tobacco products in Oregon and Idaho, and would lead to more people travelling to other states to purchase tobacco. This will increase cigarette smuggling in Washington. Retailers will also be charged more on their B&O taxes due to the increased

price of cigarettes.

OTHER: The American Lung Association and American Cancer Society Cancer Action Network support policies that reduce tobacco consumption and would like to see a bill that includes money for upstream prevention programs in Washington that helps benefit those afflicted by tobacco use. There is concern that although this bill taxes tobacco, it does not fund tobacco prevention programs.

**Persons Testifying:** PRO: Senator Habib, prime sponsor; Genesee Adkins, University of WA; Fred Applebaum, Fred Hutchinson Cancer Research Center, Seattle Cancer Care Alliance.

CON: Larry Stewart, WA Assn. of Neighborhood Stores, Executive Director; Holly Chisa, NW Grocery Assn.; Carolyn Logue, WA Food Industry Assn.; Amber Carter, Assn. of WA Business.

OTHER: Carrie Nyssen, American Lung Assn. of the Mountain Pacific; Mary McHale, American Cancer Society Cancer Action Network.