

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 5303 PCB HCAS 11-02 Biomedical Research

**SPONSOR(S):** Health Care Appropriations Subcommittee, Hudson

**TIED BILLS:** **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Health Care Appropriations Subcommittee	10 Y, 5 N	Clark	Pridgeon
1) Appropriations Committee		Clark	Leznoff

### SUMMARY ANALYSIS

The bill makes statutory changes to conform to the funding decisions included in the House proposed General Appropriations Act (GAA) for Fiscal Year 2011-2012.

The bill repeals provisions of statute related to the funding of the biomedical research programs for the James and Esther King Biomedical Research Program, the William G. "Bill" Bankhead, Jr., and David Coley Cancer Research Program, and the H. Lee Moffitt Cancer Center and Research Institute from the state cigarette surcharge revenues collected pursuant to s. 210.011, Florida Statutes. This statute imposes a surcharge of \$1 per pack of cigarettes and is deposited into the Health Care Trust Fund.

During Fiscal Year 2010-11, these programs were appropriated \$50 million from the state cigarette surcharge revenues.

The bill provides an effective date of July 1, 2011.

## **FULL ANALYSIS**

### **I. SUBSTANTIVE ANALYSIS**

#### **A. EFFECT OF PROPOSED CHANGES:**

##### **Cigarette Surcharge**

The “Protecting Florida’s Health Act” was passed during the 2009 legislative session. This bill levied a surcharge on the sale, receipt, purchase, possession, consumption, handling, distribution, and use of cigarettes in Florida.<sup>1</sup> The surcharge imposed on a standard 20-cigarette pack is \$1; and a proportionate surcharge is imposed on other sizes and quantities of cigarettes. The revenue produced from the cigarette surcharge is required to be deposited into the Health Care Trust Fund within the Agency for Health Care Administration.

##### **Biomedical Research**

In Fiscal Year 2009-10, s. 215.5602(12), F.S., was created and required 5 percent of the cigarette surcharge revenue to be deposited into the Health Care Trust Fund and reserved for research of tobacco-related or cancer-related illnesses; however the sum of revenue reserved was not to exceed \$50 million. Approximately 2.5 percent, not to exceed \$25 million, of the revenue deposited into the Health Care Trust Fund was required to be transferred to the Biomedical Research Trust Fund within the Department of Health for the James and Esther King Biomedical Research Program.

In Fiscal Year 2010-11, s. 215.5602(12), F.S., was amended to require \$50 million from the cigarette surcharge revenue deposited into the Health Care Trust Fund be transferred to the Biomedical Research Trust Fund within the Department of Health for the James and Esther King Biomedical Research Program, the William G. “Bill” Bankhead, Jr., and David Coley Cancer Research Program, and the H. Lee Moffitt Cancer Center and Research Institute.

##### **James and Esther King Biomedical Research Program**

According to s. 215.5602, F.S., the purpose of the James and Esther King Biomedical Research program is to provide an annual and perpetual source of funding in order to support research initiatives that address the health care problems of Floridians in the areas of tobacco-related cancer, cardiovascular disease, stroke, and pulmonary disease. The goals of the program are to:

- Improve the health of Floridians by researching better prevention, diagnoses, treatments, and cures for tobacco-related diseases;
- Expand the foundation of biomedical knowledge related to the prevention, diagnosis, treatment, and cure of related to tobacco use;
- Improve the quality of the state’s academic health centers by bringing the advances of biomedical research into the training of physicians and other health care providers;
- Increase the state’s per capita funding for research by undertaking new initiatives in public health and biomedical research that will attract additional funding from outside the state; and
- Stimulate economic activity in the state in areas related to biomedical research.<sup>2</sup>

During Fiscal Year 2010-11, the program received \$20 million from the state cigarette surcharge plus \$2.2 million of interest earnings from the Lawton Chiles Endowment Fund, established with monies received from Florida’s legal settlement with the tobacco industry in 1998. The Program is managed by the Florida Department of Health and an eleven-member Biomedical Research Advisory Council.<sup>3</sup>

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<sup>1</sup> s. 210.011(1), F.S.

<sup>2</sup> s. 215.5602(1), F.S.

<sup>3</sup> s. 215.5602(3), F.S.

## **The William G. “Bill” Bankhead, Jr., and David Coley Cancer Research Program**

According to s. 381.922, F.S., the purpose of the Bankhead-Coley program is to advance progress towards cures for cancer through grants awarded through a peer-reviewed, competitive process. The goals of the program are to:

- Expand the cancer research capacity in Florida;
- Increase participation in cancer clinical trials networks; and
- Reduce the impact of cancer on disparate groups.

During Fiscal Year 2010-11, the program received \$20 million from the state cigarette surcharge. The Program is managed by the Florida Department of Health and the eleven-member Biomedical Research Advisory Council.

## **H. Lee Moffitt Cancer Center and Research Institute**

According to s. 1004.43, F.S., the H. Lee Moffitt Cancer Center and Research Institute is a statewide resource for basic and clinical research and multidisciplinary approaches to patient care. During Fiscal Year 2010-11, the program received \$10 million from the state cigarette surcharge. Current law establishes the Moffitt Center at the University of South Florida.<sup>4</sup> A not-for-profit corporation governs the Moffitt Center in accordance with an agreement with the State Board of Education. A board of directors manages the not-for-profit corporation, and a chief executive officer administers the Moffitt Center.

Currently, s. 215.5602, F.S. provides that beginning in the 2010-2011 fiscal year and thereafter, \$50 million from the revenue deposited into the Health Care Trust Fund must be reserved for research of tobacco related or cancer related illnesses. Of the revenue deposited into the Health Care Trust Fund, \$50 million must be transferred to the Biomedical Research Trust Fund within the Department of Health. This section of statute provides that subject to annual appropriations in the general appropriations act, \$20 million will be appropriated to the James and Esther King Biomedical Research Program, \$20 million will be appropriated to the Bankhead-Coley Program and \$10 million shall be appropriated to the H. Lee Moffitt Cancer Center and Research Institute.

This PCB repeals portions of statute which requires the transfer of \$50 million to the Biomedical Research Trust Fund from the state cigarette surcharge for research of tobacco related or cancer related illnesses. The bill also repeals provisions in statute establishing the funding for the James and Esther King Biomedical Research Program, the William G. “Bill” Bankhead, Jr., and David Coley Cancer Research Program, and the H. Lee Moffitt Cancer Center and Research Institute from proceeds from the state cigarette surcharge.

### **B. SECTION DIRECTORY:**

**Section 1.** Amends s. 215.5602, F.S., relating to James and Esther King Biomedical Research Program.

**Section 2.** Amends s. 381.922, F.S., relating to William G. “Bill” Bankhead, Jr., and David Coley Cancer Research Program.

**Section 3.** Provides effective date of July 1, 2011.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

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<sup>4</sup> s. 1004.43, F.S.

1. Revenues:

Revenues from the state cigarette surcharge will still be received; however, they will not be redirected to fund biomedical research programs. The funds will be used as state match for the state's Medicaid program.

2. Expenditures:

Repeal of the funding provisions in statute will result in no state cigarette surcharge funds being appropriated to the James and Esther King Biomedical Research Program, the William G. "Bill" Bankhead, Jr., and David Coley Cancer Research Program, or the H. Lee Moffitt Cancer Center and Research Center.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal government.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

### IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES