Claims of Constitutional Impairment of Contract made under Initiative 1183

Washington voters passed Initiative 1183 (I-1183) in November of 2011. I-1183 privatized the distribution and sale of spirits in Washington State. Under I-1183, the Department of Revenue (Department) became responsible for administering taxes imposed under RCW 82.08.150 on the sale of spirits in the original package.

Section 303 of I-1183 requires the Department to "develop rules and procedures to address claims that this act unconstitutionally impairs any contract with the state and to provide a means for reasonable compensation of claims it finds valid, funded first from revenues based on spirits licensing and sale under this act." I-1183, § 303 (See RCW 66.24.620).

The Department has determined that it doesn’t have the authority to decide or adjudicate whether I-1183 unconstitutionally impairs any contract with the state of Washington. Additionally, the Department has no legal mechanism for determining what constitutes “reasonable compensation,” or for providing compensation if compensation is deemed reasonable.

Because the Department lacks the authority to carry out the intent and purpose of I-1183 § 303, the Department will not develop rules or procedures concerning issues of constitutional impairment. The Department’s instruction in all cases of alleged constitutional impairment of contract related to I-1183 is for the claimant to file its claim directly with a court of competent jurisdiction.