

Roll Your Own Lawsuit

Local News

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OLYMPIA, Wash. - Several Washington-based independent roll-your-own tobacco shops today announced the filing of a lawsuit against the State of Washington, the Washington Department of Revenue, and the Washington State Liquor Control Board to challenge HB 2565, which was implemented in the final budget signed by Governor Christine Gregoire in early May and seeks to impose unlawful new taxes on roll-your-own cigarettes. Filed in Franklin County, the plaintiffs are Dana Henne, a consumer and Franklin County resident; 1/2 Price Smokes, Inc., an independent tobacco retailer in Benton County; and RYO Machine, LLC. The plaintiffs are challenging the taxes purportedly implemented in HB 2565 on the grounds that the new taxes violate Initiative 1053, also known as the Eyman Initiative, which was passed in 2010 and requires a 2/3rds vote of the state legislature for any measure that "raises taxes";

The lawsuit contends that HB 2565 is not valid legislation. HB 2565 was rejected by the State Senate which refused to provide the 2/3rds majority vote to authorize the new taxes. Based on the definitions outlined in the Eyman Initiative, the measure clearly "raises taxes," and is corroborated by the Legislature's fiscal notes for HB 2565, which project that the state would impose on Washington consumers and businesses more than 100 million dollars in new, additional taxes. "Small business owners like me are struggling to survive in today's uncertain economy. We have been disappointed in certain legislators and the Governor in their support of this bill. Because the Senate clearly voted down the bill, we are very troubled by the Governor's attempt now to impose the new tax anyway in flat defiance of the will of the people and the Senate," said Gary Alexander, owner of 1/2 Price Smokes. "The new taxes are a job killer. They clobber small business. We've said all along that regulations like this are not only unfair to independent retailers like me, but violate the law, and we are confident that the courts will agree." "HB 2565 raises taxes on consumers and on independent tobacco shops across Washington," said Phil Accordino, CEO of RYO Machine. "Attorney General Rob McKenna himself conceded that this bill imposes new taxes on RYO cigarettes, and he is an unequivocal supporter of the Eyman Initiative. Voters across Washington overwhelmingly passed the Eyman Initiative. This is an illegal tax. It should concern everyone in Washington." In addition to this specific complaint, RYO retailers are also filing a motion for a preliminary injunction seeking to prevent enforcement of HB 2565, which is scheduled to begin on July 1, 2012. *There are currently 65 small, independent RYO tobacco stores that employ approximately 250 individuals across the State of Washington. The RYO Coalition of Washington supports the efforts of the plaintiffs in this case to promote small businesses and their employees in throughout the state.*