STATE OF MICHIGAN

COURT OF CLAIMS

HOLISTIC RESEARCH GROUP, INC.,

Plaintiff,

v

Case No. 25-000159-MT

STATE OF MICHIGAN DEPARTMENT OF TREASURY and GOVERNOR GRETCHEN WHITMER, in her official capacity,

Hon. Sima G. Patel

Defendants.
_____ /

MICHIGAN CANNABIS INDUSTRY ASSOCIATION and PF MANUFACTURING, LLC,

Plaintiffs,

v

Case No. 25-000160-MM

STATE OF MICHIGAN, MICHIGAN DEPARTMENT OF TREASURY and RACHEL EUBANKS, in her official capacity as MICHIGAN STATE TREASURER,

Hon. Sima G. Patel

Defendants.
_____ /

OPINION AND ORDER DENYING DEFENDANTS' MOTION FOR RECONSIDERATION OF THE DECEMBER 8, 2025 OPINION AND ORDER DENYING IN PART DEFENDANTS' MOTION FOR SUMMARY DISPOSITION IN 25-000160-MM

On December 8, 2025, the Court denied plaintiffs' motions for preliminary injunctions in Docket Nos. 25-000159-MT and 25-000160-MM (25-160) and denied plaintiffs' motion for summary disposition in 25-160. In 25-160, the Court granted in part defendants' motion for

summary disposition, dismissing plaintiffs' claims that the enactment of the Comprehensive Road Funding Tax Act (CRFTA) violated the Title-Object Clause of the Michigan Constitution and that the Michigan Regulation and Taxation of Marihuana Act (MRTMA) is the sole method by which to tax regulated marijuana in Michigan and that the 24% wholesale excise tax could only be enacted through an amendment to the MRTMA passed by a supermajority.

However, the Court concluded that there remain questions of fact regarding whether the 24% wholesale excise tax contravenes the purposes of the MRTMA voter initiative, and denied defendants' motion for summary disposition in that regard. Defendants seek reconsideration of that ruling.

The analysis challenged by defendants states:

> There remain questions of fact whether the 24% wholesale excise tax of the CRFTA interferes and conflicts with the purposes of the MRTMA, MCL 333.27952. Specifically, plaintiffs assert that the electorate purposefully selected the 10% excise tax on retail sales to keep retail prices reasonable and to ensure the reduction or elimination of the illicit market. Plaintiffs continue that experience has shown that if the taxes on marijuana products are too high, purchasers continue to resort to the illegal marijuana market, undermining the entire purpose of marijuana legalization.
>
> In support of this position, plaintiffs in 25-160 presented the affidavit of MCIA Executive Director Robin Schneider who "was part of the group that helped to draft the language of" the voter initiative. Schneider attested that the drafters "deliberately chose a tax rate that: (1) was comparable to other states' rates in 2018; and (2) was low enough to draw individuals from the illicit market into the regulated system." The 10% retail price excise tax "disincentivize[d] individuals from making purchases in the illicit market, with three-quarters of all marijuana sales estimated to occur in the regulated system due to affordability versus the black market." With the addition of the 24% wholesale excise tax on top of the 10% retail price excise tax and 6% sales tax, Schneider noted that Michigan would have one of the highest tax rates on legal marijuana in the nation. This would reduce or eliminate the MRTMA's success in reducing illegal marijuana sales.
>
> This is not a legal issue, but a question of fact. The Court must consider the intentions of the MRTMA drafters and the impact of the new wholesale excise tax

> on the purposes of the MRTMA. The Court may not resolve such factual questions at the summary disposition phase. Discovery will be required to develop the evidence needed to support the parties' positions in this regard. Accordingly, to the extent defendants seek summary dismissal of plaintiffs' claims that the tax imposed by the CRFTA goes against the purposes of the voter-passed MRTMA, defendants' motion is DENIED in part

To support a motion for reconsideration under MCR 2.119(F)(3), "The moving party must demonstrate a palpable error by which the court and the parties have been misled and show that a different disposition of the motion must result from correction of the error." A "palpable error" is one that is "easily perceptible, plain, obvious, readily visible, noticeable, patent, distinct, manifest." *Estate of Luckow v Luckow*, 291 Mich App 417, 426; 805 NW2d 453 (2011) (cleaned up). Defendants contend that the Court committed a palpable error because the intention of the drafters of the MRTMA and those who voted for its enactment is a legal issue pursuant to the recent Court of Appeals' decision in *Cannarbor Inc v Dep't of Treasury*, ___ Mich App ___; ___ NW3d ___ (2025) (Docket No. 370919), slip op at 5. Specifically, the intent of the drafters and the electorate must be discerned from the plain language of the enactment. *Id*.

The Court acknowledges that the intent of the drafters and the electorate must be determined by the plain language of the MRTMA. That intent is outlined in MCL 333.27952:

> The purpose of this act is to make marihuana legal under state and local law for adults 21 years of age or older, to make industrial hemp legal under state and local law, and to control the commercial production and distribution of marihuana under a system that licenses, regulates, and taxes the businesses involved. The intent is to prevent arrest and penalty for personal possession and cultivation of marihuana by adults 21 years of age or older; remove the commercial production and distribution of marihuana from the illicit market; prevent revenue generated from commerce in marihuana from going to criminal enterprises or gangs; prevent the distribution of marihuana to persons under 21 years of age; prevent the diversion of marihuana to illicit markets; ensure the safety of marihuana and marihuana-infused products; and ensure security of marihuana establishments. To the fullest extent possible, this act shall be interpreted in accordance with the purpose and intent set forth in this section.

Whether the CRFTA violates this intent, however, involves questions of fact. It is not certain on this record whether the 24% wholesale excise tax will impact prices to the extent purchasers will be driven to the illicit marijuana market. Discovery is required to examine how the tax will impact the purposes of the MRTMA. This precluded granting summary disposition in plaintiffs' favor, as well as a full grant of summary disposition in defendants' favor. The Court finds no palpable error in its judgement.

Accordingly, the Court DENIES defendants' motion for reconsideration in 25-160. This is not a final order resolving all issues in this case.

Date: January 5, 2026

Sima G. Patel
Judge, Court of Claims