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 PLAINTIFFS' MOTIONS FOR PRELIMINARY INJUNCTION IN 25-159 AND 25-160, GRANTING IN PART AND DENYING IN PART DEFENDANTS' MOTION FOR SUMMARY DISPOSITION IN 25-160, AND DENYING PLAINTIFFS' CROSS-MOTION FOR SUMMARY DISPOSITION IN 25-160

Before the Court are motions for a preliminary injunction in Docket No. 25-000159-MT (25-159) and Docket No. 25-000160-MM (25-160), and defendants' motion for summary

disposition under MCR 2.116(C)(8) in 25-160. The Court has considered the documentary evidence and affidavits the parties attached to their various pleadings, as well as the arguments presented at the hearing on November 25, 2025. At this time, the Court finds that plaintiffs have not demonstrated they are likely to succeed on the merits. Accordingly, the Court DENIES plaintiffs' motions for preliminary injunction in 25-159 and 25-160.

Plaintiffs in 25-160 have not stated a supportable claim that the enactment of the Comprehensive Road Funding Tax Act (CRFTA) violated the Title-Object Clause of the Michigan Constitution. Accordingly, the Court GRANTS defendants' motion for summary disposition of plaintiffs' claims under the Title-Object Clause in 25-160. The Court finds insupportable plaintiffs' argument in 25-160 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 concludes that there remain questions of fact regarding whether the 24% wholesale excise tax contravenes the purposes of the MRTMA voter initiative. Accordingly, the Court GRANTS IN PART and DENIES IN PART defendants' motion for summary disposition in 25-160 of plaintiffs' claims that the CRFTA was an unconstitutional indirect amendment of the MRTMA. The Court DENIES plaintiffs' cross-motion for summary disposition.

Neither defendants nor plaintiff seeks summary dismissal in 25-159, and the claims in that action remain pending in full.

I. THE PARTIES

Holistic Research Group, Inc. (HRG) is a state-licensed marijuana cultivator. It serves as a wholesale provider only and does not operate any store fronts or engage in retail sales.

The Michigan Cannabis Industry Association (MCIA) is a trade association whose members include approximately 400 licensed Michigan cannabis businesses. Its purpose is to promote the common business interests of the Michigan cannabis industry.

PG Manufacturing, LLC (PG) is a vertically integrated company that both cultivates marijuana and sells its product at retail. It is a member of the MCIA.

The Michigan Department of Treasury and State Treasurer Rachael Eubanks are tasked with implementing and enforcing the new CRFTA. And Governor Gretchen Whitmer ultimately signed the 2025 budget bills, including the challenged act, into law.

II. COMPREHENSIVE ROAD FUNDING TAX ACT

Passing a budget for the fiscal year beginning October 1, 2025, proved to be a Herculean task for the Governor and the Michigan Legislature. The final weeks, days, and hours of the budget process encompassed many long nights of negotiation, drafting, and proceedings on the floor of Michigan's House of Representatives and Senate. At issue in this case is the deal reached to fund road construction and reconstruction by imposing a 24% excise tax on wholesale marijuana transactions.

In the spring of 2025, Governor Whitmer introduced her "Michigan Road Ahead" plan to impose a tax on wholesale marijuana sales to fund road construction. The plan included a new

32% excise tax on wholesale transactions, similar to the excise tax on tobacco products under MCL 205.422 *et seq*. This plan was never memorialized in a bill presented in the Legislature. On September 24, 2025, an unnamed legislator shared with MCIA draft House and Senate bills that would have amended MCL 333.27963 of the MRTMA. These bills would have increased the excise tax on retail sales to 12% and imposed an excise tax on wholesale transactions of 5%. These bills also were not introduced on the floor of the House or Senate.

As originally introduced on September 16, 2025, HB No. 4951 was named the comprehensive road funding act and was titled:

> A bill to provide for the imposition and collection of taxes; to provide for the establishment of procedures for the collection, administration, and enforcement of taxes; to provide for the disposition of the tax; to create the comprehensive road funding fund; to prescribe the powers and duties of certain state and local government officers and entities; and to prescribe penalties.

Plaintiffs described that the act itself was a "shell," including no provisions describing the taxes referenced in the title. The substance of the bill introduced by Representative Steckloff and referred to the Appropriations Committee was:

> Sec. 1. This act may be cited as the "comprehensive road funding act".
>
> Sec. 3. As used in this act:
>
> (a) "Department" means the state transportation department.
>
> (b) "Maintenance" means that term as defined in section 10c of 1951 PA 51, MCL 247.660c.
>
> (c) "Preservation" means that term as defined in section 10c of 1951 PA 51, MCL 247.660c.
>
> Sec. 5. (1) The comprehensive road funding fund is created in the state treasury.
>
> (2) The state treasurer shall deposit money and other assets received from any source in the fund. The State treasurer shall direct the investment

of money in the fund and credit interest and earnings from the investments to the fund.

(3) The department is the administrator of the fund for audits of the fund.

(4) The department shall expend money from the fund, on appropriation, only for 1 or more of the following purposes:

(a) To fund road construction, preservation, and maintenance in this state.

(b) To replace revenue lost as a result of diverting or reducing revenue raised to fund road construction.

On September 25, 2025, the Governor and Legislature announced they had agreed on a framework to fund the comprehensive road fund. The push to pass the legislation began in the House. Instead of holding a committee hearing on the contents of HB 4951, the matter was sent directly to the floor of the House. HB 4951 was given a third reading before the House on September 25, 2025, nine days after its introduction, and was approved by a voice vote of 78 to 21 (with 11 members not voting). As approved by the House, the title of HB 4951 was amended to state:

> A bill to provide for the imposition and collection of excise taxes on certain sales of marihuana; to provide for the establishment of procedures for the collection, administration, and enforcement of those taxes; to provide for the disposition of the taxes; to provide for the promulgation of rules; to create the comprehensive road funding fund; and to prescribe the powers and duties of certain state governmental officers and entities.

More than a week later, at approximately 3:00 a.m. on October 3, 2025, the Senate passed the amended HB 4951 by a vote of 19-17, with one member excused. Dissenting senators placed their concerns on the record that the increase in the excise tax would result in increased marijuana sales in the illegal market and was "an end-run around the will of the people" who approved by voter initiative the MRTMA.

On October 7, 2025, the Legislature enacted 2025 PA 23, the CRFTA. The title provision of the public act as enacted states:

> [T]o provide for the imposition and collection of excise taxes on certain sales of marihuana; to provide for the establishment of procedures for the collection, administration, and enforcement of those taxes; to provide for the disposition of the taxes; to provide for the promulgation of rules; to create the comprehensive road funding fund; and to prescribe the powers and duties of certain state governmental officers and entities.

Section 5 of the act creates an excise tax on the wholesale price of marijuana to fund the comprehensive road funding fund as follows:

> In addition to all other taxes, beginning January 1, 2026, an excise tax is levied and imposed on the wholesale price of the sale or other transfer of marihuana at the following rates in the following circumstances:
>
> (a) For the first sale or other transfer of marihuana from a marihuana establishment to a marihuana retail licensee, a tax is levied on the marihuana establishment at the rate of 24% of the wholesale price of the marihuana sold or otherwise transferred.
>
> (b) For the sale of marihuana that is cultivated and processed for retail sale by the marihuana retail licensee, a tax is levied on the marihuana retail licensee at the rate of 24% of the wholesale price on the aggregate amount or quantity of marihuana that is cultivated or processed for retail sale by that marihuana retail licensee.
>
> (c) For the sale or transfer of marihuana from a provisioning center to a marihuana retail licensee, a tax is levied on the provisioning center at the rate of 24% of the wholesale price of marihuana sold or otherwise transferred to the marihuana retail licensee.

The definition of the terms "marihuana," "marihuana establishment," and "marihuana retail licensee" for purposes of the CRFTA are borrowed from MCL 333.27953 of the MRTMA. "Wholesale price" is defined in MCL 205.903(m) of the CRFTA:

> "Wholesale price" means the following in the following circumstances:
>
> (*i*) For transactions between persons that are not affiliated persons, the actual price paid to a marihuana establishment by a marihuana retail licensee to acquire

> marihuana from the marihuana establishment. For purposes of this subparagraph, the wholesale price includes any tax, fee, or other charge reflected on the invoice, bill of sale, purchase order, or other document evidencing the sale or transfer of the marihuana. The wholesale price must not be reduced due to any rebate, trade allowance, licensing or exclusivity agreement, volume or other discount, or any other reduction given by the marihuana establishment.
>
> (*ii*) For transactions between persons that are affiliated persons, including transactions between provisioning centers and marihuana retail licensees, and for marihuana that is cultivated and processed for retail sale by the marihuana retail licensee, the average wholesale price of the marihuana.

The "average wholesale price of marihuana" will be calculated and published quarterly by the Department of Treasury "based on the best available information." MCL 205.903(b).

III. MICHIGAN REGULATION AND TAXATION OF MARIHUANA ACT

The title of the MRTMA states it is:

> An initiation of legislation to allow under state law the personal possession and use of marihuana by persons 21 years of age or older; to provide for the lawful cultivation and sale of marihuana and industrial hemp by persons 21 years of age or older; to permit the taxation of revenue derived from commercial marihuana facilities; to permit the promulgation of administrative rules; and to prescribe certain penalties for violations of this act.

Relevant to the current matter, MCL 333.27963 permits the State to impose an excise tax on retail sales of marijuana as follows:

> (1) Except as otherwise provided in subsection (4), in addition to all other taxes, an excise tax is imposed on each marihuana establishment and on each person who sells marihuana at the rate of 10% of the sales price for marihuana sold or otherwise transferred to a person other than a marihuana establishment or tribal marihuana business.
>
> * * *
>
> (4) The tax imposed under subsection (1) does not apply to any of the following:
>
> (a) Marihuana sold or otherwise transferred from a tribal marihuana business.

(b) Marihuana sold or otherwise transferred under the Michigan Medical Marihuana Act, 2008 IL 1, MCL 333.26421 to 333.26430.

IV. CONSTITUTIONAL PROVISIONS

Plaintiffs in 25-159 and 25-160 contend the CRFTA violates provisions of the Michigan Constitution.

Const 1963, art 2, § 9 defines the constitutional right for voters to enact legislation through initiative as follows:

> The people reserve to themselves the power to propose laws . . ., called the initiative . . . . To invoke the initiative . . ., petitions signed by a number of registered electors, not less than eight percent . . . of the total vote cast for all candidates for governor at the last preceding general election at which a governor was elected shall be required.
>
> * * *
>
> Any law proposed by initiative petition shall be either enacted or rejected by the legislature without change or amendment within 40 session days from the time such petition is received by the legislature. . . .
>
> * * *
>
> Any law submitted to the people by either initiative or referendum petition and approved by a majority of the votes cast thereon at any election shall take effect 10 days after the date of the official declaration of the vote. No law initiated or adopted by the people shall be subject to the veto power of the governor, and *no law adopted by the people at the polls under the initiative provisions of this section shall be amended or repealed, except by a vote of the electors unless otherwise provided in the initiative measure or* ***by three-fourths of the members elected to and serving in each house of the legislature***. . . . [Emphasis added.]

Plaintiffs in both actions contend that passage of the CRFTA conflicts with and violates the MRTMA, which was passed by a voter initiative on November 6, 2018. They also contend that the CRFTA is an unconstitutional indirect amendment of the MRTMA.

Plaintiffs also contend the CRFTA violates the Title-Object Clause of Const 1963, art 4, § 24, which states: "No law shall embrace more than one object, which shall be expressed in its title. No bill shall be altered or amended on its passage through either house so as to change its original purpose as determined by its total content and not alone by its title." The Title-Object Clause works in concert with Const 1963, art 4, § 26, which provides:

> No bill shall be passed or become a law at any regular session of the legislature until it has been printed or reproduced and in the possession of each house for at least five days. Every bill shall be read three times in each house before the final passage thereof. No bill shall become a law without the concurrence of a majority of the members elected to and serving in each house. On the final passage of bills, the votes and names of the members voting thereon shall be entered in the journal.

Const 1963, art 4, § 25 requires statutory amendments to be made directly, and not by reference: "No law shall be revised, altered or amended by reference to its title only. The section or sections of the act altered or amended shall be re-enacted and published at length."

MCIA also relies on Const 1963, art 4, § 32, which states, "Every law which imposes, continues or revives a tax shall distinctly state the tax."

V. PROCEDURAL HISTORY

In 25-159, HRG filed its complaint against the Michigan Department of Treasury and Governor Whitmer on the afternoon of October 7, 2025, shortly after the approved budget took effect. In 25-160, MCIA and PG filed their initial complaint against the State, Department of Treasury, and Michigan State Treasurer Eubanks three hours after HRG. MCIA and PG filed a first amended complaint on October 20, 2025.

On October 29, 2025, MCIA and PG moved for a preliminary injunction to stall the enforcement of § 5 of the CRFTA pending the final resolution of this matter. HRG did not move

for a similar preliminary injunction until November 10, 2025, three days after it filed its amended complaint in 25-159.

On November 7, 2025, defendants moved for summary disposition in lieu of an answer to MCIA and PG's first amended complaint in 25-160. However, defendants have not sought summary dismissal of HRG's claims in 25-159.

The Court also accepted for filing an amicus curia brief from individuals who participated in the drafting of the MRTMA and the ballot initiative for its passage: Jeffrey Hank, Matthew Abel, and James Lowell.

The gravamen of plaintiffs' complaints and preliminary injunction motions in both cases is that HB 4951 and § 5 of the CRFTA amend and/or change the MRTMA by imposing an excise tax not contemplated in the voter-passed MRTMA. This "amendment" did not pass by a ¾ vote of both houses in violation of Const 1963, art 2, § 9. In 25-160, plaintiffs also contend that HB 4951 and the CRFTA violate the Title-Object Clause and the related provisions of Const 1963, art 4, §§ 24-26 under a change-of-purpose theory. Specifically, the initial version of the act made no mention of marijuana in any manner, the Legislature changed the purpose of the act from funding the road fund to taxing marijuana, and the act did not spend five days in each house of the Legislature before passage.[1]

[1] HRG did not raise any Title-Object Clause challenge in its initial or first amended complaint. It did raise this issue in its motion for preliminary injunction, in which it incorrectly stated that it had also raised this challenge in its complaint. As noted in the introduction to this opinion and order, HRG's claims remain pending because defendants did not seek summary disposition in 25-159. HRG's remaining claims do not include a Title-Object challenge.

In 25-159, HRG also raises several federal constitutional challenges to the CRFTA: (1) the act violates due process by arbitrarily imposing a confiscatory and irrational tax burden with no legitimate governmental interest; (2) violates equal protection by singling out marijuana licensees for punitive taxes; (3) impairs the economic terms under which marijuana licensees function in violation of the Contracts Clause; and (4) imposes a protectionist and excessive tax regime on the regulated marijuana market, unduly burdening Michigan businesses in violation of the Commerce Clause.

VI. LEGAL PRINCIPLES

A party seeking a preliminary injunction bears the burden of demonstrating entitlement to relief based on the following factors:

> (1) the likelihood that the party seeking the injunction will prevail on the merits, (2) the danger that the party seeking the injunction will suffer irreparable harm if the injunction is not issued, (3) the risk that the party seeking the injunction would be harmed more by the absence of an injunction than the opposing party would be by the granting of the relief, and (4) the harm to the public interest if the injunction is issued. [*Davis v Detroit Fin Review Team*, 296 Mich App 568, 613; 821 NW2d 896 (2012) (cleaned up).]

This type of relief is "an extraordinary and drastic use of judicial power that should be employed sparingly and only with full conviction of its urgent necessity." *Id*. (cleaned up). "Before the court grants injunctive relief, even though it is on a temporary basis, a compelling case must be made for such action." *Mich Consol Gas Co v Mich Pub Serv Comm*, 389 Mich 624, 638; 209 NW2d 210 (1973).

In 25-160, defendants seek summary disposition of plaintiffs' amended complaint under MCR 2.116(C)(8).

> A motion under MCR 2.116(C)(8) tests the *legal sufficiency* of a claim based on the factual allegations in the complaint. When considering such a motion, a trial court must accept all factual allegations as true, deciding the motion on the pleadings alone. A motion under MCR 2.116(C)(8) may only be granted when a claim is so clearly unenforceable that no factual development could possibly justify recovery. [*El-Khalil v Oakwood Healthcare, Inc*, 504 Mich 152, 159-160; 934 NW2d 665 (2019) (cleaned up).]

MCIA and PG, in response to defendants' summary disposition motion, seek summary disposition in their favor under MCR 2.116(I)(2), which states, "If it appears to the court that the opposing party, rather than the moving party, is entitled to judgment, the court may render judgment in favor of the opposing party."

Resolution of these motions requires interpretation of constitutional provisions and legislative enactments. "[T]he primary and fundamental rule of constitutional or statutory construction . . . is to ascertain the purpose and intent as expressed in the constitutional or legislative provision in question." *Adair v Michigan*, 486 Mich 468, 477; 785 NW2d 119 (2010) (cleaned up). The "Court typically discerns the common understanding of constitutional text by applying each term's plain meaning at the time of ratification." *Wayne Co v Hathcock*, 471 Mich 445, 468-469; 684 NW2d 765 (2004).

In interpreting statutes, the Court must "give effect to the common understanding of the text," *Lansing v Michigan*, 275 Mich App 423, 430; 737 NW2d 818 (2007), and avoid an interpretation that creates "a constitutional invalidity." *Mich United Conservation Clubs v Secretary of State (After Remand)*, 464 Mich 359, 411; 630 NW2d 297 (2001) (CAVANAGH, J., dissenting). "[A] statute comes clothed in a presumption of constitutionality" because courts presume that "the Legislature does not intentionally pass an unconstitutional act." *Cruz v Chevrolet Grey Iron Div of Gen Motors Corp*, 398 Mich 117, 127; 247 NW2d 764 (1976). Stated differently, "[s]tatutes are presumed to be constitutional, and courts have a duty to construe a

statute as constitutional unless its unconstitutionality is clearly apparent." *Taylor v Smithkline Beecham Corp*, 468 Mich 1, 6; 658 NW2d 127 (2003). "The party challenging the facial constitutionality of an act must establish that no set of circumstances exists under which the act would be valid. The fact that the act might operate unconstitutionally under some conceivable set of circumstances is insufficient." *League of Women Voters of Michigan v Secretary of State*, 508 Mich 520, 534-535; 975 NW2d 840 (2022) (cleaned up). The Court's "task, then, is to determine whether [the statute] is unconstitutional in the abstract, rather than to analyze the statute 'as applied' to the particular case." *Id.*

VII. LIKELIHOOD OF SUCCESS ON THE MERITS/FAILURE TO STATE A CLAIM ON WHICH RELIEF CAN BE GRANTED

A. CHALLENGE BASED ON INDIRECT AMENDMENT OF VOTER-PASSED INITIATIVE

The Michigan Constitution prevents legislative amendment of a voter-passed initiative by less than a supermajority vote. The proper application of this provision of Const 1963, art 2, § 9 was recently explained by the Michigan Supreme Court in *Mothering Justice v Attorney General*, ___ Mich ___; ___ NW3d ___ (2024) (Docket No. 165325).

At issue in *Mothering Justice* was the Legislature's "adopt-and-amend" tactic with a voter initiative to raise the minimum wage, allow compensatory time in lieu of overtime, and provide paid sick leave for all employees. After receiving the ballot initiative petitions, the Legislature elected to enact the presented acts into law "without change or amendment" as permitted by Const 1963, art 2, § 9. Almost immediately thereafter, the Legislature made sweeping amendments to the new statutes, passed by a simple majority, gutting the protections intended by the voters. *Id*., slip op at 1-2.

The Supreme Court held, "In examining whether legislation is permissible under Article 2, § 9, this Court must determine 'whether a particular law constitutes an 'undue burden' on voters' exercise of their direct-democracy rights.' " *Id.*, slip op at 11, quoting *League of Women Voters of Mich*, 508 Mich at 541. This constitutional provision "is a reservation of legislative authority which serves as a limitation on the powers of the Legislature. This reservation of power is constitutionally protected from government infringement once invoked." *Mothering Justice*, ___ Mich at ___, slip op at 18 (cleaned up).

Here, the Legislature passed HB 4951, which became the CRFTA and included a 24% excise tax on wholesale marijuana transactions. MCL 333.27963(1) of the MRTMA states that "in addition to all other taxes," a 10% excise tax will be imposed on the retail price of marijuana.

The CRFTA is consistent with the MRTMA. Plaintiffs contend that the phrase "all other taxes" in MCL 333.27963(1) refers only to generally applicable taxes, like the 6% sales tax imposed on all retail sales. If that were true, however, the initiative could have simply said that. Instead, the initiative stated plainly that the 10% retail excise tax was in addition to "all other taxes." And the phrase "all other" is broad and expansive. *Brown v Farm Bureau Gen Ins Co*, 273 Mich App 658, 662; 730 NW2d 518 (2007). "There cannot be any broader classification than the word 'all'. In its ordinary and natural meaning, the word 'all' leaves no room for exceptions." *Paquin v Harnischfeger Corp*, 113 Mich App 43, 50; 317 NW2d 279 (1982) (cleaned up). According to the plain meaning of these terms, "all other taxes" broadly means all taxes other than the tax imposed by MCL 333.27963(1).

Further, nothing in the MRTMA requires that "all other taxes" imposed on marijuana be effectuated by an amendment to the MRTMA. The Legislature did not amend the MRTMA

through enactment of the CRFTA. Rather, the Legislature imposed another tax, which is permitted under the MRTMA, through the enactment of the CRFTA. The two statutes can be read together.

Plaintiffs insist that the Legislature could only amend the taxes imposed on marijuana through a super-majority vote. Const 1963, art 2, § 9 provides, "[N]o law adopted by the people at the polls under the initiative provisions of this section shall be amended or repealed, except by a vote of the electors unless otherwise provided in the initiative measure or by three-fourths of the members elected to and serving in each house of the legislature." If this provision were applicable, the Senate's passage of the CRFTA by a bare majority would not suffice. However, as the CRFTA is not effectively an amendment of the MRTMA, Const 1963, art 2, § 9 is inapplicable.

Plaintiffs have not met the stiff burden of demonstrating that they will likely succeed on the merits. Accordingly, the Court DENIES plaintiffs' requests for a preliminary injunction in this regard in both 25-159 and 25-160.

In 25-160, both defendants and plaintiffs seek summary disposition in their favor. For the same reasons that the Court finds plaintiffs failed to meet their burden of demonstrating they will likely succeed on the merits, the Court DENIES plaintiffs' motion for summary disposition under MCR 2.116(I)(2). But the Court cannot grant summary disposition completely in defendants' favor either.

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

B. TITLE-OBJECT CLAUSE CHALLENGE

Plaintiffs in 25-160 contend that the Legislature changed the purpose of HB 4951 from a general road funding bill to a new tax on marijuana products in violation of the Title-Object Clause. They contend this was done late in the budget battle to avoid public scrutiny. In its motion for a preliminary injunction, HRG claims that in its first amended complaint, it raised allegations that "HB 4951's structure and enactment process violate [Const 1963,] art 4, §§ 24-26." However, the complaint attached to HRG's motion to file an amended complaint and accepted for filing by this Court does not raise any count regarding the Title-Object Clause. HRG's adoption of MCIA and PG's arguments in its preliminary injunction motion does not suffice to raise a substantive claim for relief.

A statute that is challenged as a violation of the Title-Object Clause is presumed to be constitutional. *Pohutski v Allen Park*, 465 Mich 675, 690; 641 NW2d 219 (2002). Such a statute will not be declared unconstitutional as a title-object violation "unless clearly so, or so *beyond a reasonable doubt*." *Hildebrand v Revco Discount Drug Ctrs*, 137 Mich App 1, 6; 357 NW2d 778 (1984), quoting *Rohan v Detroit Racing Ass'n*, 314 Mich 326, 342; 22 NW2d 433 (1946) (emphasis added).

The object of a law is "its general purpose or aim." *Gen Motors Corp v Dep't of Treasury*, 290 Mich App 355, 388; 803 NW2d 698 (2010). Under the Title-Object Clause, the title of a bill must match its general purpose or aim. "Generally, the purpose of the title-object clause is to prevent the Legislature from passing laws not fully understood, to ensure that both the legislators and the public have proper notice of legislative content, and to prevent deceit and subterfuge. The goal of the clause is notice, not restriction of legislation." *Wayne Co Bd of Comm'rs v Wayne Co*

Airport Auth, 253 Mich App 144, 184; 658 NW2d 804 (2002) (cleaned up). Because the purpose is to prevent members of the Legislature and the public from being deceived by those who would slip an unknown and unrelated provision into a bill for passage—but not to unnecessarily restrict or invalidate legislation that was passed with full transparency—"[t]he constitutional requirement should be construed reasonably and [should] permit[] a bill enacted into law to include all matters *germane to its object*, as well as all provisions that directly relate to, carry out, and implement the principal object." *Gen Motors Corp*, 290 Mich App at 388 (emphasis added).

There are three types of challenges under the Title-Object Clause: (1) a title-body challenge; (2) a multiple-object challenge; and (3) a change of purpose challenge. *Gillette Commercial Operations North America v Dep't of Treasury*, 312 Mich App 394, 439; 878 NW2d 891 (2015). Plaintiffs' challenge is of the third type. "The question of when an amendment or substitute is germane to the original bill is a difficult one. The test is whether or not the change . . . represented an amendment or extension of the basic purpose of the original, or the introduction of entirely new and different subject matter." *United States Gypsum Co v Dep't of Revenue*, 363 Mich 548, 554; 110 NW2d 698 (1961) (*Gypsum*). The amendment or substitution must be "in harmony with the objects and purposes of the original bill and germane thereto." *Id*. at 553. "Where . . . the changes fall within the general purpose of the original bill, or are extensions of it, the Court has termed them germane." *Id*. at 554.

Plaintiffs argue that *Gypsum* is no longer valid law because it was based on the language of the 1908 Michigan Constitution. The plaintiffs in *Gypsum* challenged the constitutionality of a bill passed by the Michigan Legislature based "upon procedural omissions in [the] legislative adoption of the final version of the tax bill." *Id*. at 550. At that time, Const 1908, art 5, § 22 provided: "No bill shall be passed or become a law at any regular session of the legislature until it

has been printed and in the possession of each house for at least 5 days." Article 5, § 23 provided: "Every bill shall be read 3 times in each house before the final passage thereof." *Gypsum*, 363 Mich at 550. The current Constitution continues to make these requirements. Although not quoted in *Gypsum*, the 1908 Constitution also contained a Title-Object Clause. Const 1908, art 5, § 21 provided, in relevant part:

> No law shall embrace more than 1 object, which shall be expressed in its title. No law shall be revised, altered, or amended by reference to its title only; but the act revised and the section or sections of the act altered or amended shall be reenacted and published at length. . . .

In *Gypsum*, the House introduced a substitute version of the original bill and adopted the substitute version the same day. The plaintiffs contended this violated the requirements that a bill remain in the House for five days and be read three times before adoption. *Gypsum*, 363 Mich at 550-551.

Like in the current matter, the defendants in *Gypsum* asserted that the five-day/three-reading provisions were not violated because the substitute version of the bill adopted by the House "served the same purpose as that proposed by the original bill, was germane to it, and hence should not be regarded as a new bill." *Id*. at 551. The Court agreed and held that where "the changes fall within the general purpose of the original bill, or are extensions of it, the Court has termed them germane." *Id.* at 554. The Court reasoned that the changes in the substitute bill were germane to the original because, like the original, it was:

> 1) a bill to raise revenue; 2) a tax on income; 3) a bill to set up machinery for collecting and enforcing same. These major purposes were all within the original objectives of the bill as first introduced and as described in the title of the original version of the bill. [*Id*.]

Gypsum is directly applicable here. Like the original version introduced, the final version of HB 4951 was 1) a bill to provide for the imposition and collection of taxes; 2) to provide for the

establishment of procedures for the collection, administration, and enforcement of those taxes; 3) to provide for the disposition of the taxes; 4) to create the comprehensive road funding fund; and 5) to prescribe the powers and duties of certain state governmental officers and entities. The only amendment to the title applicable here concerns *specifying* the tax to be collected: an excise tax on certain sales of marijuana. This amendment is "in harmony with the objects and purposes of the original bill and germane[.]" *Id.* at 553.

The initial version of the road funding bill indicated that taxes would be imposed to fund the road fund, but did not identify the source of those taxes. That purpose did not change.[2] As the bill made its way through the House, the details of the tax were added into the bill. This addition was for the same purpose as and germane to the purpose of the original bill—to fund the road fund. This was not an "entirely new and different subject matter," but rather an extension of the taxation purpose of the bill.

Plaintiffs rely on *Anderson v Oakland Co Clerk*, 419 Mich 313; 353 NW2d 448 (1984), in support of their change-of-purpose challenge. The issue in *Anderson* was:

> whether the transformation and passage between 11:30 p.m. December 21, 1983, and 1:35 a.m. December 22, 1983, of House Bill 4481 from a measure which had from April 27 to December 21 provided that county clerks will be relieved of certain ministerial duties and amending legislation relative to Detroit income taxes to a measure reapportioning the Legislature violate[d] art 4, § 24 of the Michigan Constitution. Article 4, § 24 provides that the original purpose of a bill, as determined by its total content and not by its title alone, shall not be altered or amended as it passes through either the House of Representatives or the Senate. [*Id.* at 316.]

[2] MCIA's challenge based on Const 1963, art 4, § 32, is similarly not supported on this record. HB 4951 stated from its first introduction that it was intended to impose a tax to fund the comprehensive road fund. The "law" as passed "distinctly state[d] the tax" to be imposed.

The Supreme Court ruled that amendment of HB 4481 violated the Title-Object Clause on change-of-purpose grounds:

> House Bill 4481 as finally passed served none of the objectives of the original bill. The only similarity between original House Bill 4481 and the substitute bill as enacted was its number and the enacting clause. In sum, House Bill 4481 as passed reflected neither the purposes contained in the act purportedly amended, nor those of the original bill for which it was substituted. [*Id.* at 329 (cleaned up).]

Anderson does not change the Court's position. The final act in *Anderson* was in no way related to the bill initially introduced in the Legislature; legislative apportionment had absolutely no relationship to the duties of court clerks or Detroit income taxes. The purpose of the bill as initially introduced in this case was to fund the comprehensive road fund through taxation; the purpose of the bill as passed by the House and then the Senate was to fund the comprehensive road fund through taxation of wholesale marijuana sales. This was merely an extension of, and not a complete replacement of, the purpose of the bill.

Because the object of the bill was germane to, and therefore, consistent with the title, then the bill as passed was also before each house for at least five days before the vote in that chamber. Under the five-day rule of Const 1963, art 4, § 26, a bill must remain in each chamber of the Legislature before passage to prevent hasty legislation that has not been fully considered. If the bill is so altered that it no longer serves the same purpose as the original, the five-day period starts over. *Anderson*, 419 Mich at 329. HB 4951 was introduced in the House on September 16, 2025, and was not voted on until September 25. The bill then moved to the Senate and was not voted on until October 7. Plaintiffs contend that the purpose of the bill was changed on September 25, just as the vote was taken. However, as stated above, the Court disagrees.

Plaintiffs in 25-160 cannot support their claim that the passage of HB 4951 violated the Title-Object Clause. Accordingly, the Court GRANTS defendants' motion for summary disposition of this claim in 25-160.

C. HRG'S FEDERAL CONSTITUTIONAL CLAIMS IN 25-159

HRG separately raises in its complaint and seeks a preliminary injunction based on four claims that HB 4951 and the CRFTA violate its federal constitutional rights. HRG has wholly failed to establish the likelihood of its success on the merits of these claims.

In its amended complaint, HRG asserts that defendants acted under the color of state law in implementing and threatening to enforce the CRFTA. This impacts HRG's protected property interest in its state license to cultivate and make wholesale transactions of marijuana. In Count III.A, violation of the federal Due Process Clause, HRG claims that it "made substantial, investment-backed commitments" in reliance on the law and taxes established by the MRTMA, and that the CRFTA "arbitrarily imposes a confiscatory and irrational tax burden that bears no reasonable relationship to legitimate governmental objectives and effectively destroys" HRG's business interests.

In Count III.B, HRG contends that defendants have singled out marijuana licensees for imposition of an exorbitant 24% wholesale excise tax not imposed on similarly regulated industries, including alcohol and tobacco. HRG argues that this disparate treatment violates the federal Equal Protection Clause.

In Count III.C, HRG contends that the MRTMA created enforceable expectations and reliance by licensees and that defendants violated the federal Contracts Clause by altering those

economic terms. The CRFTA penalizes marijuana licensees for participating in a legal business enterprise and frustrates the federal policy of non-interference with state-regulated cannabis markets.

In Count III.D, HRG contends that defendants violated the federal Commerce Clause by imposing a protectionist and excessive tax on marijuana products, burdening the flow of lawful products and capital in Michigan's economy.

HRG added little to these claims in its motion for a preliminary injunction. HRG makes similar cursory arguments about its Substantive Due Process and Equal Protection claims and makes no additional argument regarding its Contracts and Commerce Clause challenges. HRG bears the burden of establishing its chance of success on the merits. Its cursory arguments in no way meet that burden. Accordingly, the Court DENIES HRG's motion for a preliminary injunction in regard to these claims as well.

Defendants argue that HRG cannot succeed on the merits because the federal Constitution does not protect HRG's right to engage in an industry that is illegal under federal law. This might be an argument in support of a motion for summary disposition. However, defendants have not sought summary disposition of HRG's claims in 25-159. Further, defendants have cited no cases directly supporting their position. Absent full briefing from both parties, the Court declines further review at this time.

VIII. REMAINING PRELIMINARY INJUNCTION ELEMENTS

Plaintiffs have not met their burdens of establishing the likelihood of success on the merits of their various claims and, therefore, are not entitled to preliminary injunctions against the

implementation of the CRFTA pending the ultimate resolution of this case. Indeed, the Court has summarily dismissed the Title-Object Clause challenge in full and the indirect amendment of the MRTMA challenge in part. Given the expedited nature of these matters and the high likelihood that both parties will seek an appeal to the Court of Appeals, the Court will briefly consider the remaining elements for a preliminary injunction motion.

A. IRREPARABLE HARM

"A particularized showing of irreparable harm is an indispensable requirement to obtain a preliminary injunction. The mere apprehension of future injury or damage cannot be the basis for injunctive relief." *Johnson v Mich Minority Purchasing Council*, 341 Mich App 1, 21; 988 NW2d 800 (2022) (cleaned up).

Plaintiffs in both actions present affidavits from members of the cannabis industry regarding the harm they will face. MCIA Executive Director Schneider attested that he helped draft the language of the 2018 marijuana legalization voter initiative: IL 18-1. He asserted that marijuana licensees are already struggling financially due to price compression and oversaturation in the market. The drafters of IL 18-1 purposefully selected an excise tax of 10% after comparing the tax rates of other states and to ensure a rate low enough to attract customers away from the illicit market. Michigan's low tax rate keeps prices down and attracts customers from nearby states with higher tax rates. A 24% excise tax on wholesale transactions will turn Michigan's tax rate into one of the highest in the nation, reduce or eliminate Michigan's price advantage further depressing the market, and result in customers moving to the illicit market. Most licensees operate on a razor thin profit margin and cannot absorb this additional cost of doing business. Reduced

sales and higher operating costs will cause many licensed marijuana establishments to go out of business, Schneider asserted.

Andrew Dakki, a certified public accountant, consults with hundreds of marijuana licensees. He asserted in an affidavit that Treasury has not provided any guidance on how the new wholesale tax will be administered or how the "average wholesale price" will be determined. Dakki asserted that most producers are already operating as efficiently as possible and cannot cut costs further to remain profitable despite the 24% excise tax on wholesale transactions. It will take significant preparation for licensees to adjust their business practices, and there is insufficient time to conduct that research before the CRFTA tax goes into effect.

PG CEO Sam Usman provided an affidavit stating that his company has a profit margin of 10%, too small to absorb a 24% excise tax on wholesale transactions. He further noted that the Senate Fiscal Analysis for HB 4951 predicts a 14% reduction in legal marijuana sales as a result of the tax. PG already operates as efficiently as possible and has many fixed operational costs that cannot be further reduced. The loss of profit caused by the new tax could result in PG shuttering its business.

Craig Peters, the CFO of D&K Ventures, LLC, attested that his company already experiences routine monthly losses and cannot absorb a 24% excise tax on wholesale transactions. Peters noted that the CRFTA prohibits the inclusion of discounts, trade rebates/allowances and similar cost-saving measures in arriving at gross taxable amounts, artificially inflating those numbers. Further, marijuana cultivators who make wholesale sales to retailers must supply credit to their customers. The cultivator could be taxed before it can collect on the sale, further increasing the losses experienced by the cultivator.

Eric Parkhurst is the sole member of Winewood Organics, a microbusiness limited under the MRTMA to cultivating 150 plants. It cannot purchase or sell marijuana-infused products from other licensees. Even so, the CRFTA includes Winewood's types of activities as part of calculating the "average wholesale price," and will impose a 24% wholesale excise tax on Winewood's inventory. Winewood operates at a 5% profit margin and its CPA calculates the new tax will result in a 20% loss.

These statements clearly attest to harms the legal marijuana industry expects to experience if subject to a new 24% wholesale excise tax. As noted by defendants, however, the cited harms are speculative. Wholesale providers can increase their prices to recoup all or part of the 24% tax, and retailers can do the same. It is not certain that customers will necessarily turn to the illicit market as a result. Legal marijuana establishments provide a wide variety of products from licensed sources, products and safety that cannot be replicated in the illicit market. For example, would the average consumer know where to purchase marijuana from an unlicensed source or be willing to risk purchasing marijuana tainted by more dangerous substances? Similarly, tobacco and alcohol products have been the subject of increasing taxes over the years. No evidence has been presented that ever-increasing taxes have destroyed the legal market for those products.

Further, plaintiffs provide conflicting information regarding the harm of the wholesale excise tax on vertically integrated versus non-vertically integrated businesses. "Vertical integration" refers to a business model in which a company purchases companies that supply the materials it needs to streamline its operation and reduce costs. *The 5 Types of Business Integration Explained*, Marymount University, September 5, 2024, available at <https://online.marymount.edu/blog/5-types-business-integration-explained>. For example, HRG presented the affidavit of its managing member, John Bartlett. Bartlett explained that HRG is not

a vertically integrated company. It cultivates marijuana that it sells to retailers at wholesale. Its entire business is dependent on wholesale markets and HRG claims it will be disproportionally impacted by the new excise tax. MCIA, on the other hand, claims vertically integrated companies will be disproportionally impacted because they currently engage in wholesale transactions with their retail affiliates at lower than market price, but will be taxed on a higher "average wholesale price." These conflicting positions emphasize the speculative nature of the harms the legal marijuana industry may face.

At this time, the Court finds that plaintiffs have not met their burden of establishing the irreparable harm necessary to support the imposition of a preliminary injunction.

B. BALANCING THE INTERESTS AND PUBLIC INTERESTS

To support the need for a preliminary injunction, plaintiffs must establish that they "would suffer greater harm by the absence of an injunction than defendants would suffer if injunctive relief were granted." *Johnson*, 341 Mich App at 22. The Court finds the record insufficient to support this element. Although plaintiffs have described the harms they believe they will face, there has been no real effort to detail the harm the state, and the public in general, will face in attempting to fund necessary road construction and reconstruction. The safety of Michigan's roads is an important issue to everyone and cannot be lightly dismissed. Absent any real attempt to balance the interests, the Court cannot find that plaintiffs met their burden in this regard.

IX. CONCLUSION

1. The Court DENIES plaintiffs' motions for preliminary injunctions in Docket Nos. 25-000159-MT and 25-000160-MM.

2. The Court GRANTS IN PART and DENIES IN PART defendants' motion for summary disposition in Docket No. 25-000160-MM.

3. The Court DENIES plaintiffs' motion for summary disposition in Docket No. 25-000160-MM.

4. The parties are directed to appear for a scheduling conference to proceed toward trial on **Tuesday, January 13, 2026, at 10 am**.

5. This is not a final order resolving all issues in this case.

Date: December 8, 2025

Sima G. Patel
Judge, Court of Claims