

STATE OF MICHIGAN
IN THE COURT OF CLAIMS

HOLISTIC RESEARCH GROUP INC,
a Michigan corporation,

Plaintiff,
vs.

Case No. 25-000159-MT
Honorable Sima G. Patel

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

Defendants.

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There are no known other pending or resolved civil actions
arising out of the transaction or occurrence
alleged in this Complaint.

Steve Crane (P52790)

**COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF
(Under Const 1963, art II, § 9 and MCL 600.6419)**

NOW COMES Plaintiff Holistic Research Group Inc., through its attorneys, and for its
and for its Complaint for Declaratory and Injunctive Relief says:

1. This action challenges the constitutionality of House Bill 4951, enacted in 2025 and titled the Comprehensive Road Funding Tax Act, as it purports to impose a 24 percent excise tax on marihuana transactions conducted by state-licensed marihuana businesses.
2. Plaintiff operates exclusively under the citizen's enacted Michigan Regulation and Taxation of Marihuana Act (MRTMA), MCL 333.27951 *et seq.*, a voter-initiated law adopted by the people of Michigan.
3. Article II, § 9 of the Michigan Constitution provides that no law initiated or adopted by the people may be amended or repealed except by a vote of three-fourths of the members elected to and serving in each house of the Legislature.
4. HB 4951 fundamentally alters the taxation structure established by the MRTMA by adding a new 24 percent excise tax on the same commodity and the same market the MRTMA governs—without the constitutionally required three-fourths supermajority.
5. Accordingly, Plaintiff asserts that HB 4951, as applied to marihuana transactions, is unconstitutional, void, and unenforceable.

JURISDICTION AND VENUE

6. Jurisdiction is proper under MCL 600.6419(1)(a) (Court of Claims jurisdiction over claims for declaratory and injunctive relief against the State).
7. Venue lies in Ingham County pursuant to MCL 600.6421.

PARTIES

8. Plaintiff is a Holistic Research Group Inc. state-licensed marihuana cultivator and processor operating under the Michigan Regulation and Taxation of Marihuana Act (MRTMA) located in Harrison Township.
9. Defendant State of Michigan Department of Treasury administers state excise taxes and is charged under HB 4951 with enforcing and collecting the new marihuana excise tax.

10. Defendant Governor Gretchen Whitmer, in her official capacity, signed HB 4951 into law and oversees the executive branch responsible for its enforcement.

FACTUAL ALLEGATIONS

11. The people of Michigan enacted the MRTMA in 2018 by statewide ballot initiative, legalizing adult-use marihuana and creating a comprehensive regulatory and fiscal framework.

12. Section 13 of the MRTMA (MCL 333.27963) imposes a 10 percent excise tax on the retail sale of marihuana by a licensed retailer or microbusiness.

13. The MRTMA contains no authorization for additional excise taxes on marihuana and reflects the people's intent to cap marihuana excise taxation at ten percent to ensure affordability and to displace the illicit market.

14. In 2025, the Legislature enacted HB 4951, which imposes a 24 percent excise tax on the wholesale price of marihuana sold or transferred by licensees under the MRTMA.

15. HB 4951 was passed by simple majorities, not by the three-fourths supermajorities required under Const 1963 art II § 9 to amend a voter-initiated statute.

16. HB 4951's tax directly targets the same marihuana businesses and transactions already regulated and taxed under the MRTMA and thereby alters the operation and economic balance of that voter-approved act.

17. If implemented, the combined 34 percent excise-plus-sales-tax burden will dramatically raise consumer prices, frustrate the MRTMA's objectives, and threaten Plaintiff's viability.

COUNT I – DECLARATORY RELIEF (Const 1963 art II § 9; MRTMA)

18. HB 4951, by imposing a new excise tax on marihuana, amends or changes the operation of the MRTMA within the meaning of Const 1963 art II § 9.

19. HB 4951 alters the *operation and effect* of the MRTMA by changing the tax structure integral to the Act's balance between consumer pricing, regulatory funding, and displacement of the illicit market.
20. Because HB 4951 did not receive three-fourths legislative approval in each house, it is unconstitutional, and void as applied to marihuana.
21. An actual controversy exists between the parties concerning the validity of HB 4951. Plaintiff faces imminent and irreparable harm from its enforcement.

COUNT II – INJUNCTIVE RELIEF

22. Absent injunctive relief, Defendants will enforce HB 4951 and compel Plaintiff to pay unconstitutional taxes, causing irreparable financial and constitutional injury.
23. Plaintiff has no adequate remedy at law.
24. An injunction will serve the public interest by preserving the people's constitutional right of initiative and preventing the collection of unlawful taxes.

COUNT III – FEDERAL CONSTITUTIONAL VIOLATIONS (Declaratory and Injunctive Relief under U.S. Const. amend. XIV and art. I § 8, § 10; MCL 600.6419) (Due Process, Equal Protection, Contract Clause, and Commerce Clause)

25. Plaintiff realleges and incorporates by reference all preceding paragraphs as though fully set forth herein.
26. This Count is brought under MCL 600.6419(1)(a) seeking declaratory and injunctive relief only. Plaintiff does not seek money damages.
27. Defendants, acting under color of Michigan law, have implemented and threaten to enforce House Bill 4951, which imposes a 24 percent excise tax upon marihuana licensees already governed by the Michigan Regulation and Taxation of Marihuana Act (MRTMA).

28. Plaintiff has a protected property interest in its state license and in the economic framework lawfully established under the MRTMA
29. The enactment and enforcement of HB 4951 deprive Plaintiff of rights secured by the Fourteenth Amendment and Article I of the United States Constitution, as follows:

A. Due Process Clause (Amend. XIV)

30. The MRTMA established a predictable, voter-approved regulatory and fiscal structure upon which Plaintiff relied in making substantial investments and business decisions.
31. HB 4951 arbitrarily imposes a confiscatory and irrational tax burden that bears no reasonable relationship to legitimate governmental objectives and effectively destroys Plaintiff's economic viability and reliance interests.
32. Defendants' actions, therefore, violate Plaintiff's substantive right to due process of law by depriving it of property and liberty interests in a manner that is arbitrary, capricious, and without a rational basis.

B. Equal Protection Clause (Amend. XIV)

33. Defendants have singled out marihuana licensees for an extraordinary 24 percent excise tax not imposed on similarly situated regulated industries, including alcohol and tobacco.
34. This disparate and punitive classification lacks any rational basis and violates the Equal Protection Clause of the Fourteenth Amendment.

C. Contract Clause (Art. I § 10)

35. The MRTMA created enforceable expectations and investment-backed reliance interests constituting contractual obligations between the State and duly licensed marihuana businesses.

36. HB 4951 substantially impairs those obligations by altering the economic terms under which Plaintiff and other licensees operate, thereby violating the Contract Clause of the United States Constitution.

D. Commerce Clause (Art. I § 8)

37. By imposing a protectionist and excessive tax regime that burdens the flow of lawful products and capital within Michigan's regulated marihuana market, HB 4951 unduly restrains the free flow of commerce and violates the Commerce Clause of the United States Constitution.

38. Michigan's own commerce, not interstate trade, is burdened, thereby violating state-level equal treatment principles and frustrating federal non-interference policy.

39. Plaintiff has suffered and will continue to suffer irreparable harm from these unconstitutional actions and lacks an adequate remedy at law.

WHEREFORE, Plaintiff respectfully requests that this Honorable Court:

- a. Declare that Defendants' enactment and enforcement of HB 4951, as applied to marihuana licensees governed by the MRTMA, violate the Due Process, Equal Protection, Contract, and Commerce Clauses of the United States Constitution;
- b. Permanently enjoin Defendants from enforcing or collecting the HB 4951 marihuana excise tax;
- c. Award Plaintiff its costs and other appropriate equitable relief; and
- d. Grant such further relief as the Court deems just and equitable.

**COUNT III – VIOLATION OF THE UNITED STATES CONSTITUTION
(42 U.S.C. § 1983 – Due Process and Equal Protection)**

40. Plaintiff incorporates by reference all preceding paragraphs as though fully restated herein.
41. This claim is asserted solely for declaratory and injunctive relief within the jurisdiction of the Court of Claims; Plaintiff does not seek compensatory or monetary damages under §1983.
42. At all times relevant, Defendants acted under color of state law within the meaning of 42 USC § 1983.
43. Through enactment and threatened enforcement of House Bill 4951, Defendants have deprived Plaintiff of rights secured by the Fourteenth Amendment to the United States Constitution, including the rights to due process of law and equal protection of the laws.
44. Plaintiff and other state-licensed marihuana businesses rely upon the statutory and economic framework established by the Michigan Regulation and Taxation of Marihuana Act (“MRTMA”), a voter-initiated law enacted pursuant to the people’s reserved legislative power.
45. HB 4951’s new 24 percent excise tax fundamentally and arbitrarily alters that framework by imposing a confiscatory tax burden that serves no legitimate governmental purpose rationally related to the MRTMA’s objectives of affordability, consumer safety, and displacement of the illicit market.
46. Defendants’ conduct is arbitrary and capricious, depriving Plaintiff of substantive due process by interfering with vested reliance interests created by the MRTMA

and destroying the economic viability of Plaintiff's lawfully licensed operations without a rational basis.

47. Defendants' selective imposition of a punitive excise tax upon marihuana licensees, while leaving comparable regulated industries such as alcohol and tobacco subject to substantially lower or differently structured taxes, further denies Plaintiff equal protection of the laws.
48. The deprivation of these constitutional rights has caused, and will continue to cause, Plaintiff irreparable injury, including economic harm, loss of goodwill, and violation of constitutionally protected expectations of stability under a voter-approved statutory scheme.
49. Plaintiff has no adequate remedy at law to redress these constitutional violations.

WHEREFORE, Plaintiff respectfully requests that this Honorable Court:

- a. Declare that Defendants' enactment and enforcement of HB 4951, as applied to marihuana licensees governed by the MRTMA, violate the Due Process and Equal Protection Clauses of the Fourteenth Amendment;
- b. Permanently enjoin Defendants from enforcing or collecting the HB 4951 marihuana excise tax;
- c. Award Plaintiff its reasonable attorney fees and costs pursuant to 42 U.S.C. § 1988; and
- d. Grant such further relief as the Court deems just and equitable.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays that this Honorable Court:

- a. Declare that HB 4951, as it applies to marihuana transactions, violates Const 1963 art II § 9 and is therefore void and unenforceable;
- b. Permanently enjoin Defendants from enforcing or collecting the HB 4951 marihuana excise tax;

- c. Award Plaintiff costs and reasonable attorney fees, more particularly, award Plaintiff its reasonable attorney fees and costs under 42 U.S.C. § 1988 for prevailing on federal claims, and under the common-benefit doctrine for state constitutional claims.; and
- d. Grant such further relief as the Court deems just and equitable.

Respectfully submitted,

By: Steve Crane

Stephen A. Crane Jr. (P52790)
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Dated: October 7, 2025

TrueFiling Case Initiation - Summons and Complaint

Case Title:

Case Type:

HOLISTIC RESEARCH GROUP INC V. DEP/

MT

Case Description:

Tax-Related Suits: All claims involving liability for state taxes

Party 1 (Plaintiff)

Business: HOLISTIC RESEARCH GROUP INC **Phone:** (586) 808-2629

Address: 42728 EXECUTIVE DRIVE

City: Bloomfield Hills **State:** **Zip:** 48302

Attorney(s) for Party 1

Name: Steve A Crane **Bar Number:** P52790 **(Lead Counsel)**

Name: Shawn Patrick Smith **Bar Number:** P51431 **(Lead Counsel)**

Party 2 (Defendant)

Business: DEPARTMENT OF TREASURY **Phone:** (517) 373-3200

Address: 430 W. Allegan Street

City: Lansing **State:** Michigan **Zip:** 48922

Party is Pro Se

Party 3 (Defendant)

Business: GOVERNOR GRETCHEN WHITMER **Phone:** (517) 335-7858

Address: P.O. Box 30013

City: Lansing **State:** Michigan **Zip:** 48909

Party is Pro Se

STATE OF MICHIGAN
COURT OF CLAIMS

Bundle Cover Sheet

Lower Court:	L Ct No.:	COC No.:
		TEMP-7VW7H5V1

Case Title:

HOLISTIC RESEARCH GROUP INC v. DEPARTMENT OF TREASURY

Priority:

NONE

Filing Option:
File Only

Filer Information

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Filing Summary

Filing Type	Filing Name	Fee
Summons and Complaint	Complaint for Declaratory and Injunctive Relief_FIN	\$150.00
	eFiling System Fee:	\$25.00
	NON-REFUNDABLE Automated Payment Service Fee:	\$5.25
Total:		\$180.25

Alternate Payment Reason: None

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The document(s) listed above were electronically filed with the Michigan Court of Claims.

TEMP-7VW7H5V1-51377595