

SUPREME COURT OF ARKANSAS

Arkansas Department of Finance & Administration v. 2600 Holdings, LLC

2022 Ark. 140 (2022) · No. CV-21-505 · Decided June 16, 2022

SUMMARY

The Supreme Court of Arkansas held that sovereign immunity did not bar 2600 Holdings’ petition for a writ of mandamus, although whether mandamus was warranted remained a merits issue outside the interlocutory appeal. The court dismissed the company’s declaratory-relief claim because it failed to allege that the State acted illegally, unconstitutionally, or ultra vires, and dismissed claims seeking relief under the Administrative Procedure Act for lack of subject-matter jurisdiction. The court affirmed in part, dismissed in part, and remanded.

CASE DETAILS

COURT	Supreme Court of Arkansas
WRITING FOR THE COURT	Per Curiam; Barbara W. Webb; Baker; Wynne; Womack; Hudson
JURISDICTION	Arkansas
DECIDED	June 16, 2022
DOCKET	CV-21-505
DISPOSITION	other
PROCEDURAL POSTURE	Interlocutory appeal from the denial of a motion to dismiss based on sovereign immunity, pursuant to Arkansas Rule of Appellate Procedure–Civil 2(a)(10).
STANDARD OF REVIEW	On a motion to dismiss based on sovereign immunity, the court treats the facts alleged in the complaint as true, views them in the light most favorable to the plaintiff, considers only the complaint, and construes the pleadings liberally. Sovereign immunity is reviewed de novo.
PRECEDENTIAL VALUE	Published Arkansas Supreme Court opinion; precedential.
PARTIES	Arkansas Department of Finance and Administration, Arkansas Alcoholic Beverage Control Division, Arkansas Medical Marijuana Commission v. 2600 Holdings, LLC, d/b/a Southern Roots Cultivation

TOPICS

sovereign immunity

writ of certiorari

appellate jurisdiction

subject matter jurisdiction

administrative law

PRACTICE AREAS

constitutional law

administrative law

civil procedure

appellate procedure

remedies

QUESTIONS PRESENTED

1. Whether sovereign immunity barred 2600 Holdings's petition for a writ of mandamus against the State agencies.
2. Whether sovereign immunity barred 2600 Holdings's claim for declaratory relief.
3. Whether, to the extent 2600 Holdings sought relief under the Arkansas Administrative Procedure Act, the circuit court had subject-matter jurisdiction to review the licensing decisions.

HOLDINGS

1. Sovereign immunity does not preclude a petition for a writ of mandamus because the Arkansas Constitution and implementing statutes vest circuit courts with subject-matter jurisdiction to issue writs of mandamus.
2. The declaratory-relief claim was barred by sovereign immunity because the complaint did not plead that the State's actions were illegal, unconstitutional, or ultra vires.
3. To the extent 2600 Holdings sought relief under the Arkansas Administrative Procedure Act, the case had to be dismissed for lack of subject-matter jurisdiction because the challenged licensing decision was not a reviewable agency adjudication.

KEY QUOTATIONS

“We, therefore, hold that the sovereign-immunity defense does not preclude writs of mandamus.” (at 4)

“However, whether a writ of mandamus is appropriate for this situation is a question that relates to the merits of the writ, which has yet to be decided by the circuit court.” (at 6)

“A lawsuit against the State seeking declaratory relief may survive a sovereign- immunity challenge only if the complaint alleges that the State acted illegally, unconstitutionally, or ultra vires.” (at 7)

FACTUAL BACKGROUND

The Arkansas Medical Marijuana Commission issued cultivation licenses to the five highest-scoring applicants and identified 2600 Holdings as one of the next highest-scoring applicants. Protest letters alleged that the proposed site of another applicant, River Valley Relief Cultivation, was within 3,000 feet of a public school, contrary to Amendment 98 to the Arkansas Constitution. 2600 Holdings sought to compel the State agencies to revoke that applicant's license and award the license to 2600 Holdings, alleging violations of Amendment 98.

PROCEDURAL HISTORY

2600 Holdings, an unsuccessful medical-marijuana cultivation-license applicant, filed an amended complaint seeking a writ of mandamus and declaratory relief concerning a license awarded to another applicant. The Pulaski County Circuit Court denied the State defendants' motion to dismiss on sovereign-immunity, subject-matter-jurisdiction, failure-to-state-a-claim, mootness, and indispensable-party grounds. The State defendants filed an interlocutory appeal. The Supreme Court of Arkansas affirmed in part, dismissed in part, and remanded.

DISPOSITION

other

REMAND INSTRUCTIONS

The court dismissed the declaratory-relief claim and any APA-based claims for lack of sovereign immunity or subject-matter jurisdiction, while leaving the mandamus claim for further proceedings in the circuit court. The circuit court was to determine the merits and propriety of the requested writ of mandamus.

CASES CITED

- Ark. Dep't of Fin. & Admin. v. Naturalis Health, LLC, 2018 Ark. 224, 549 S.W.3d 901
- Ark. Dep't of Fin. & Admin. v. Carpenter Farms Med. Grp., LLC, 2020 Ark. 213, 601 S.W.3d 111
- Smith v. Cole, 187 Ark. 471, 61 S.W.2d 55 (1933)
- Wright v. Ward, 170 Ark. 464, 280 S.W. 369 (1926)
- People v. Fancher, 50 N.Y. 288 (1872)
- Rutledge v. Rummel, 2022 Ark. 86, 643 S.W.3d 5
- Hodges v. Dawdy, 104 Ark. 583, 149 S.W. 656 (1912)
- Chessir v. Copeland, 182 Ark. 425, 32 S.W.2d 301 (1930)
- Ark. Dep't of Hum. Servs. v. Fort Smith Sch. Dist., 2015 Ark. 81, 455 S.W.3d 294
- Clowers v. Lassiter, 363 Ark. 514, 213 S.W.3d 6 (2005)
- Tripcony v. Ark. Sch. for the Deaf, 2012 Ark. 188, 403 S.W.3d 559
- Sikes v. Gen. Publ'g Co., 264 Ark. 1, 568 S.W.2d 33 (1978)
- Dent v. Wright, 322 Ark. 256, 909 S.W.2d 302 (1995)
- Ark. Dep't of Educ. v. McCoy, 2021 Ark. 136, 624 S.W.3d 687
- Thurston v. League of Women Voters of Ark., 2022 Ark. 32, 639 S.W.3d 319
- Perry v. Payne, 2022 Ark. 112
- Muntaqim v. Payne, 2021 Ark. 162, 628 S.W.3d 629
- League of Women Voters of Ark., 2022 Ark. 32, 639 S.W.3d 319