

## Wanted: Compliant Cannabis for Understocked California Dispensaries

For people outside of California looking in, the state's legal marijuana potential may be imagined as limitless, a veritable prodigious explosion that makes the antecedent medical industry look like a quaint warm-up. The reality, however, isn't as rosy. Yes, recreational use for adults 21 and over is legal, thanks to voters saying yea to Prop 64 in 2016, but if the perception is of a land with marijuana shops on every corner, their shelves crammed with historically potent product, the perception will need some adjustment.

### The laws, they are a changin' . . .

With legalization comes regulation. Since the Golden State had already been doing a brisk medical marijuana business for two decades before recreational cannabis hit the scene, in some ways, regulation will inherently serve as limiting. And right about now, canna-preneurs and state regulators are weathering pragmatic legalization growing pains. What about the consumers? They may be surprised (and chagrined) to find that cannabis isn't necessarily at their fingertips at the moment. After all, not just any cannabis can sit on the shelf: it must be compliant cannabis. And compliancy is partly determined by a relatively small number of laboratories.

### . . . and the levels, they are a changin', too.

July 1<sup>st</sup> marked the start of some new cannabis standards for California's marijuana industry, including new rules for dosing, testing, and packaging. The rules aren't just bureaucratic red tape, though: some will be felt by consumers who may have already been relying on a certain product to which they'll no longer have access. For instance, edible cannabis products in the state will now be capped at containing no more than 10 milligrams of THC per serving (and 100 milligrams per package). But prior to July 1, some edibles contained 100 times that amount: 1,000 milligrams of THC, the component of marijuana that makes it a mind-altering substance.

Many cannabis retailers spent the last six months marking down their pre-2018 supplies; those who still had old stock after July 1 would have been forced to dispose of it. So obviously canna-preneurs looking to supply the public, and consumers looking to legally purchase marijuana, are looking for restocked shelves, even though some products will be notably different.

## The demand is there, but can shops meet that demand?

The state's new rigorous seed-to-sale requirements (which include thorough compliance testing) have left many suppliers in a tight supply. Labs are feeling the pressure to test product quickly so that dispensaries can replenish dwindling canna-stock. But current numbers are not likely to assuage retailers' worries: the entire state has only 31 licensed labs in it so far. That's under three dozen labs to service the needs of nearly 600 manufacturers and over 3,000 cultivators.

"Every lab is backlogged," Josh Swider, co-owner of Infinite Chemical Analysis Labs, told the *Palm Springs Desert Sun*. "There's only so fast we can run."

And of course, merely getting your samples in queue at the lab won't be a magic wand for your canna-business: there's a host of reasons why samples fail testing, including the presence of pesticides, lack of THC homogeneity across edible servings, and inaccurate labeling. The bar will be even higher by the end of the year when the whole cannabis standard gamut is in full force: at that point, 20 residual solvents and processing chemicals, 66 residual pesticides, three microbes, and four heavy metals will be among the prohibited contaminants that, if detected in the lab, can kick a sample to the curb.

## Regulations can protect consumers . . . but can too much

## regulation boost illegal sales?

Testing isn't the only thing getting businesspeople down lately. There are new packaging and labeling requirements that are slowing down the retail supply machine as well. One common knot that tangles up the works is when the levels of THC and CBD in a sample fail to correspond with the stated levels on the labels. Current estimates show about one in ten samples fail for that infraction.

Tom Adams is Managing Director of the cannabis research firm BDS Analytics. He worries that an iron regulatory grip on cannabis will allow black market vendors to flourish. "This is not heroin, you know?" he told the *Palm Springs Desert Sun*. "To respond to cannabis's misguided inclusion in Schedule 1 of the Controlled Substances Act for the past 50 years by over-regulating and over-taxing it is an enormous mistake if the goal is to legalize a largely illicit business."

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