

DHS CAN MEMORANDUM

TO: City of Desert Hot Springs

FROM: DHS CAN Advisory Board

SUBJECT: SB 94/MAUCRSA/Trailer Bill testing and quality assurance requirements

DATE: August 29, 2017

State statute (SB 94 aka MAUCRSA aka Trailer Bill) requires all cultivation and manufacturing adult use and medical marijuana license holders (A-license and M-license) to go through a robust quality assurance and independent testing lab process before selling product to dispensaries. Given that the state now requires thorough testing and quality assurance procedures as part of the regulatory process, it is the recommendation of the DHS CAN Advisory Board to eliminate the PhD chemist requirement from the City of DHS' marijuana manufacturing ordinance.

Distribution and Quality Assurance Protocols

Under SB 94, all cultivation and manufacturing license holders must go through a distributor, with a Type 11 Distributor license, to transport products to dispensaries. Cultivation and manufacturing license holders can be their own distributor, but must have a specific distribution license as well.

All distributors must be bonded and insured at a level established by the licensing authority.¹ Distributors must also meet security and transportation safety requirements established by the bureau including submitting electronic shipping manifests to track the chain of custody of all product.²

The role of the distributor is to collect taxes and associated testing fees, perform quality assurance tests on the products, arrange testing with a testing lab license holder, and transport the tested and approved product to dispensaries.³

Additionally, the bureau will hire a quality assurance compliance monitor to randomly review and visit all distributors' licensed premises to ensure that all products meet labeling and packaging regulatory requirements.⁴

Cultivation and manufacturing license holders can also perform quality assurance testing on their premises before sending products to the distributor.⁵ This is a best practice that DHS CAN recommends to all license holders to ensure products meet packaging and labeling requirements.

Given the strong chain of custody and quality assurance regulations included in state statute, DHS CAN recommends the City remove the PhD chemist employee requirement from the manufacturing ordinance.

Testing

SB 94 defines "testing laboratory" as a "laboratory, facility, or entity in the state that offers or performs tests of cannabis or cannabis products and that is both of the following: (1) Accredited by an accrediting body that is

¹ SB 94, Section 59. Business and Professions Code Section 26070(a)(2).

² SB 94, Section 59. Business and Professions Code Section 26070(b), (f).

³ SB 94, Section 73. Business and Professions Code Section 26110(a-e, g-j).

⁴ SB 94, Section 73. Business and Professions Code Section 26110 (f).

⁵ SB 94, Section 66. Business and Professions Code Section 26101 (k).

independent from all other persons involved in commercial cannabis activity in the state, (2) Licensed by the bureau".⁶ As such, the state will require all A and M license holders to have cannabis products tested by a Type 8 Testing Laboratory license holder before being sold to consumers or patients, and the state will oversee the testing process.

Additionally, Type 8 license holders may only hold Type 8 licenses and no other type of medical or adult use license to ensure the integrity of tested products.⁷ All approved labs must be ISO/IEC 17025 accredited, which is one of the highest levels of international accreditation a lab can obtain.⁸

SB 94 requires all cannabis and cannabis products to first be tested through a representative sample, but a licensed testing laboratory before the products are sold to patients or consumers. The bureau is responsible for creating a testing and sampling criteria in the regulations, which we estimate will be released by November 2017.

For each lot or batch testing, the laboratory must issue a certificate of analysis reporting on the chemical profile, content of compounds, and presence of contaminants, foreign materials, impurities and/or volatile organic compounds.⁹

The testing lab will be required to pick up and transport a random sample of each batch from the distributor's warehouse to the testing lab, and back.¹⁰

Given the state requirements around independent testing labs, DHS CAN again recommends the elimination of the PhD chemist employee requirement from the City's manufacturing ordinance. Additionally, given the County of Riverside Fire Department's regulations and sign off of all manufacturing facilities, all aspects of manufacturing and the manufactured products are thoroughly regulated at the county and state level.

⁶ SB 94, Sec. 5. Business and Professions Code Section 26001(as).

⁷ SB 94, Sec 37. Business and Professions Code Section 26053(b).

⁸ SB 94, Sec 66. Business and Professions Code Section 26101(g).

⁹ SB 94, Sec 66. Business and Professions Code Section 26101(d)

¹⁰ SB 94, Sec 70. Business and Professions Code Section 26104(b)(4).