

# How to Start a Cannabis Testing Lab

*Annual sales from the legal cannabis market have grown north of \$1 billion in Washington State. Should you get involved and start your own cannabis testing lab?*

AUSTIN, TEXAS, USA, September 11, 2017 /EINPresswire.com/ -- As annual sales from the legal cannabis market grow to north of \$1 billion dollars in Washington State alone, many existing [laboratory facilities](#) are weighing their options on whether to jump into this rapidly expanding market by offering state-regulated cannabis test and certification services.

Ballot Initiatives Allowing Recreational Cannabis Use Find Favor among Voters in the Western States and New England

California voters approved the first legal sale of cannabis for medical purposes (commonly known as medical marijuana) in 1996. This ballot initiative conferred upon doctors the ability to prescribe cannabis to patients unable to find relief using traditional medications, including those suffering from intense pain or nausea (such as cancer patients in palliative care) or those whose chronic illnesses (such as HIV/AIDS) had led to dangerous weight loss due to lack of appetite.

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Given the increasing consumer demand for a wide-range of cannabis-based botanical and edible products, the laboratory testing market has awoken to find a potential bonanza on their hands.”

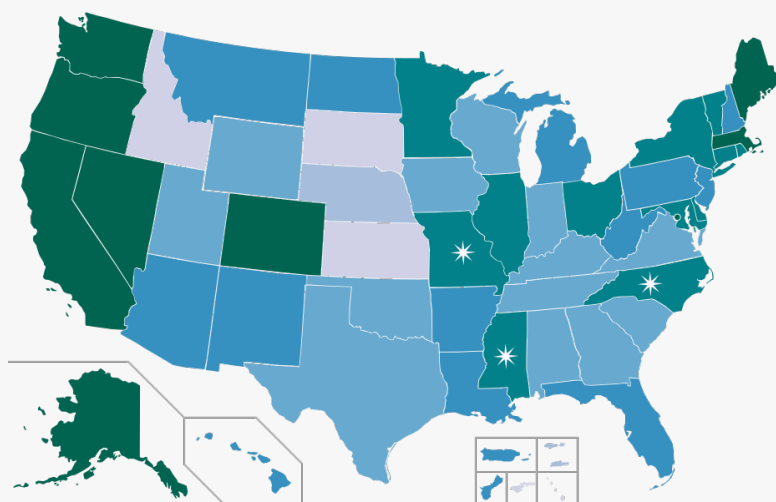
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Since that time, the legal cannabis market has grown rapidly.

States up and down the West Coast (including Alaska) have enacted laws expanding the medical marijuana laws to permit sales of cannabis for purely recreational purposes. This is not just a West Coast phenomenon: voters in a couple of East Coast states (Maine and Massachusetts) recently approved ballot measures allowing retail sales of cannabis for recreational use in their jurisdictions as well.



Lab Scientist Examining Cannabis



Map of US State Cannabis Laws

[Since we last wrote about this topic,](#)

Nevada has joined other Western states that permit recreational cannabis sales. Retail sales started July 1, 2017. Within days, available supplies were exhausted as customers emptied dispensary shelves of cannabis products. Nevada's Republican Governor, Brian Sandoval, called for additional emergency supplies to be brought into the state to satisfy the unexpectedly high demand.

To date, here are the states which have changed their laws to allow recreational cannabis sales (in addition to medical cannabis sales), along with their respective approval and implementation dates:

- Alaska (ballot initiative approved 2014, retail sales commenced February, 2015)
- California (ballot initiative approved 2016, retail sales will commence in 2018)
- Colorado (ballot initiative approved 2012, retail sales commenced January, 2014)
- Maine (ballot initiative approved 2016, retail sales commenced within 40 days)
- Massachusetts (approved 2016, retail sales will commence in July, 2018)
- Nevada (ballot initiative approved 2016, retail sales commenced July 1, 2017)
- Oregon (ballot initiative approved 2014, retail sales commenced July 1, 2015)
- Washington (ballot initiative approved 2012, retail sales commenced over 12 months)

As Demand Grows, Tax Revenues from Legal Sales of Cannabis Products Are Helping Balance State Budgets

As the demand for the product continues to grow, there are early indications that a well-managed legal cannabis market can bring in significant tax revenue to state coffers.

Take Washington State for example. As the first state to approve both medical and recreational cannabis sales, Washington has experienced tremendous growth in cannabis sales. It's estimated that since legalization, the cumulative sales of cannabis for recreational purposes alone have already

#### Cannabis laws in the United States<sup>1</sup>

- Jurisdiction with legalized cannabis.
- Jurisdiction with both medical and decriminalization laws.<sup>2</sup>
- Jurisdiction with legal psychoactive medical cannabis.
- Jurisdiction with legal non-psychoactive medical cannabis.
- Jurisdiction with decriminalized cannabis possession laws.
- Jurisdiction with cannabis prohibition.

<sup>1</sup> Includes laws which have not yet gone into effect.

<sup>2</sup> Marked states have only legal non-psychoactive medical cannabis.

#### Cannabis laws in the United States Legend



Testing Medical Marijuana

exceeded \$1 billion dollars. State officials estimate that taxes and licensing fees for cannabis sales will bring over \$730 million dollars in state revenue during the current two-year budget cycle.

Oregon, which has a much smaller population (4 million versus Washington State's 7.4 million), reportedly collected \$54 million in tax revenue from cannabis sales during the first 11 months of 2016.

Colorado, which began selling recreational cannabis products in January, 2014, has benefited to the tune of more than \$500 million in additional tax revenue during its first two years of legalized cannabis sales. Further driving sales growth are high-profile Coloradan businesses, which have not been shy about promoting "cannabis tourism," e.g. attracting users from neighboring states and across the country to partake in legal pot use.



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(To learn more about the effect that different tax rates can have on recreational cannabis sales, visit the Tax Foundation website for an interesting analysis.)

**Do You Have the In-House Expertise Necessary to Add Cannabis Test Services to Your Existing Laboratory Offerings?**

As you look at the potential of the growing cannabis market, you may be asking yourself questions such as: "What steps do I need to take to add cannabis test services to my existing laboratory program?" or "What kind of personnel do I need to hire?"

Laboratory owners and managers who are contemplating the possibility of entering the market for testing and certifying consumer cannabis products will want to develop a business plan that evaluates the pluses and minuses in this rapidly evolving marketplace.

A major consideration is domain expertise. If your existing laboratory facility already handles food and beverage testing, or pharmaceutical manufacturing, or product toxicity tests in general, you're more likely to already have the requisite laboratory experts and quality assurance technicians with the appropriate skill sets necessary to pursue opportunities in the new cannabis testing marketplace.

If, on the other hand, you are starting from scratch (by building a purpose-built laboratory) in order to enter the cannabis test and certification business, it's most likely you'll need to acquire personnel who have experience in establishing and maintaining Good Laboratory Practice (GLP) and Good Manufacturing Practice (GMP) systems — the specifics of which will be subject to the requirements set forth by the individual state markets in which you want to enter.

## Certification Rules Regulating Cannabis Testing Labs Vary State by State

One of the major disadvantages of cannabis sales being regulated by the states (rather than by the Feds) is that the rules for cannabis product testing tend to vary quite a bit from state to state.

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Kelsea Marshall  
Formaspace  
8002511505  
[email us here](#)

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