

Chairman Rulli, Vice Chairman Schuring, Ranking Member DeMora and members of the Senate General Government Committee, thank you for the opportunity to provide opponent testimony on Senate Bill 9. My name is Scott Jared and I am the Chief Executive Officer for CP Labs Ohio, a licensed Ohio medical marijuana testing laboratory.

CP Labs received its Ohio license as part of the application process concluded in November 2020 to expand lab capacity with the growth of the medical marijuana program in the state. Our presence in Ohio is the outcome of a four year evaluation process by myself and my business partner and CP Labs President Brett Dalke into the product safety testing environment in the cannabis industry.

In undertaking that evaluation, we concluded that the product safety testing environment in the cannabis industry offered an opportunity for a lab that could provide the diligent, premium science-focused approach present in other regulated industries. We came to this conclusion based on review of multiple states' regulations paired with numerous conversations with cultivators, producers, testing lab operators and regulators across the country.

What we found was an industry with a testing environment that had often lagged in discipline as the rapid growth of the state-by-state legalization of medical and adult use cannabis often did not fully contemplate or plan for the structure and oversight of product safety testing to match. This was particularly apparent through the lens of my business partner who spent more than a decade running and operating an environmental testing lab in an industry with an established infrastructure of oversight, audit, standards and methods.

By contrast, we found that cannabis testing was emerging from a legacy of customer friendly testing labs particularly manifested through potency inflation for the sake of maximizing sales price opportunity. We found that the industry now was entering a stage where both regulators and cultivators and producers were recognizing the value of accurate, consistent testing results based on the highest quality science. For regulators, this provided the ability to fulfill their promise of product safety for patients and consumers. For cultivators and producers, the value of this quality, accurate science allows for predictability and repeatability in their increasingly sophisticated business operations.

With this lens, we are extremely grateful for Ohio's and the bill's co-sponsors' Sen. Huffman and Sen. Schuring intention to further the cause of accuracy in the results of Ohio's licensed medical marijuana testing laboratories. While I am testifying in opposition to Senate Bill 9 as drafted, CP Labs is in full support of efforts to advance the accuracy and product safety for Ohio's medical marijuana patients. It is the foundation of both our business model and continued access to safe medicine for patients for whom it provides often life-changing treatments. Our concern is that Senate Bill 9 as drafted would limit labs' use of existing and evolving best practices in the cannabis testing industry.

One of the challenges for both testing labs and regulators in the legal cannabis industry is the lack of national established testing methods and standards typical of other industries such as pharmaceuticals or environmental testing. This is the result of the ongoing status of cannabis as a schedule 1 controlled substance and the subsequent legacy of federal suppression of scientific and medical research on cannabis. In doing so, the types of established analytical methods present in other industries do not exist in cannabis.

This is not to say that good science is not achievable or that standard methods are not available. The key difference however is that those methods are evolving at the same pace as the legal cannabis market is in the United States.

The methods are being driven by multiple sources. Most notably:

- Scientists at analytical testing laboratories in the cannabis industry working everyday to improve the accuracy and reliability of the data they produce both for ensuring product safety and furthering their ability to meet the increasingly sophisticated demands of their customers. These methods are truly evolving daily in labs across the country and being validated over hundreds of thousands of tests.
- Instrument manufacturers leading industry specific scientific advancements and the publishing of proven methods.

My opposition to Senate Bill 9 lies in both the mandating of specific testing procedures and methods from two organizations—AOAC and ASTM-- as written in lines 2161-2176 and the designation of only those two organizations as the resources for approved standards. My first concern is that by dictating the specific methods included in the bill, testing labs in Ohio would be relegated to methods and procedures many of which are known to have been improved upon and, perhaps more significantly, do not allow for the adoption of newly proven innovations in the rapidly evolving field of cannabis science.

My second concern is that the designation of AOAC and ASTM as the only approved resources for standards and methods to be used by Ohio's licensed testing labs does not reflect the breadth of how and where method improvements are derived and subsequently validated. This eliminates methods validated by some of the foremost scientific accreditation bodies in the US including ISO, and ICH and USP from the pharmaceutical industry. The exclusion of ISO in particular is severely limiting. ISO pairs cannabis specific practices and its position as the foremost accreditation body of scientific industries in the US to certify each method used by testing labs to achieve and maintain ISO 17025. This makes it one of the most rigorous validation bodies available to the industry.

Finally, as a business owner, the impact of these specific procedures and methods would cause new expenses in excess of a million dollars between equipment needs and analyst expense to implement often less efficient procedures. For some analyses, we would effectively be starting over in purchases, training and validation. This burden is particularly onerous on labs like CP Labs that received their operating license in mid-2022 and are only beginning on the road to recoup the multi-million dollar investment of the start-up process. The viability of some of these labs would certainly be challenged. Beyond this, my fear is that this will slow the ability of the new labs to add the testing capacity to the Ohio industry they were licensed to create as well as increase the costs of testing to cultivators and producers.

It was with this in mind, that CP Labs joined with all of the other licensed labs in Ohio to propose and provide you with amended language that we believe advances the accuracy of testing results and the safety of Ohio patients. The key provisions of this amendment I encourage you to adopt are the following:

- The hiring of two full-time scientific experts with education and experience in the scientific disciplines of our industry to implement an ongoing review and audit program of Ohio's labs to ensure adherence to stated methods. This addition will also provide qualified review of new proposed methods as they evolve.
- The replacement of the proposed mandated AOAC and ASTM testing methods to allow for the adoption of the best and most accurate methods to be used as they are proven by validation

standards from nationally and internationally established organizations in that discipline. This ensures qualified review of methods without limiting Ohio labs and patients to testing by methods surpassed by the continued scientific advancements in the field or to a narrow set of institutions not reflective of the full spectrum of best practices.

My background is as a business leader and serial entrepreneur. As such, I believe businesses and industries live and die by their ability or failure to innovate. I also believe regulation and innovation must coexist to protect the health and safety of the public. I am thankful for Ohio's effort to improve the safety of its medical marijuana patients and the scientific discipline of its licensed testing labs. It is why CP Labs entered this field. I encourage you to adopt the proposed changes so Ohio can continue to protect its citizens with the leading scientific methods available today and in the future.

Thank you for the opportunity to speak to you today. I'm happy to discuss any questions you may have.

Respectfully,

Scott Jared
CEO
CP Labs Ohio