

New Testing Rules Risk Profits for Small Cannabis Growers

Some Mississippi Cannabis Growers May Not Be Able to Turn a Profit with New Weed-Testing Regulations

At the State Capitol on Thursday, dozens of medical cannabis cultivators and business owners voiced concerns about the potential negative impact of newly implemented yeast and mold testing requirements for cannabis flower. The stricter regulations, they fear, could threaten the profitability and viability of small growers in Mississippi.

New Regulations Threaten Small Growers

During an advisory meeting with state health officials and legislators, small-scale cultivators expressed their frustration with the new testing standards. They noted that the stringent regulations and testing methods have led to an increase in failed sanitation tests. Currently, if a batch fails, there is no provision for retesting once the product has been “cleansed,” leaving growers with few options to recover their losses.

These challenges could have serious financial implications for small cultivators, many of whom are already operating on tight margins. According to industry sources, the costs associated with the new testing standards, including retesting, pretests, cleansing, and purchasing new equipment, could run into thousands of dollars.

Mississippi’s cannabis industry is already under pressure, with 393 licensed businesses, including dispensaries, cultivators, and processors, serving 43,000 medically approved customers across the state—a challenging ratio for businesses to maintain profitability.

“Some of the farmers are living from crop to crop... I think we’re pushing this a little too fast. I don’t have an issue with the testing standard; I’m all for it, but I have an issue with we don’t have an accurate testing guideline to reach that number,” said Phen Schlett, owner of Big River Cannabis.

Financial Impact of Testing Failures

The financial burden of these testing requirements is significant. According to the Mississippi Medical Marijuana Association, it costs growers \$500 to test a single batch of flower at a testing facility. If a batch fails, the flower must be converted into oils or other distillates, a process that can cut the crop’s value in half. Although growers can appeal test results to the state, the potential for financial loss remains high.

During the meeting, several business owners expressed concerns that the new standards would cause them to fail tests, thereby jeopardizing their profitability. Hatem Mourad, CEO of Alchemy Analytics, a testing lab in Dekalb, reported that several batches had already failed under the new regulations.

Perry Lewis, COO of Steep Hills, the state's only other operating lab, shared similar concerns, noting that out of 24 batches tested, only seven passed without prior cleansing. Five other batches that were pre-treated with radiation passed all tests, highlighting the challenges small growers face in meeting the new standards.

Regulatory Adjustments and Possible Grace Period Extension

In January, the Mississippi Medical Cannabis Program introduced new regulations that limit the amount of mold and yeast cells allowed in cannabis flower. Although a six-month grace period was provided to help businesses adjust, the industry struggled to meet the new standards. Nearly 75% of the industry's product was recalled due to testing failures at Rapid Analytics, creating a significant backlog for Steep Hills and cultivators trying to retest products and recoup losses.

State Health Officer Daniel Edney acknowledged the challenges but emphasized that the grace period was intended to give businesses time to comply. He also expressed a willingness to extend the grace period, provided that businesses develop a concrete plan for compliance.

"We lost six months of grace period, and I'm just challenged to know why there was no discussion about this in the last six months," Edney said. "We could have taken care of all this over the grace period... I'm happy to extend it for a limited amount of time with a game plan. We want everybody to be able to comply in a reasonable way and not impact negatively their business."

Edney also mentioned that the Department of Health plans to release guidelines in the coming weeks to help businesses with the remediation process, allowing them to retest and comply with the new standards. However, the high cost of remediation equipment, which can exceed \$200,000, remains a significant barrier for small cultivators.

While Edney affirmed the importance of the new testing standards for public safety, he also expressed a commitment to working with cultivators to ensure they can comply without being driven out of business. The exact details of the extended grace period, including its start date and duration, remain to be determined.

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