

## PROFILE

**Seth Doulton** continues to network in California agriculture. Here, he is pictured (left) with Austen Connella and Nicolas Pitchon from SLO Normal, checking out some healthy clones. Doulton is constantly on the road, spreading the word on banking for Fiona Ma, who along with Treasurer John Chiang are working on banking the cannabis industry and talking taxes under his position with the California Department of Tax and Fee Administration.



PHOTO: RAY AMBLER

# COWBOY Culture

## SETH DOULTON HERDS GROWERS AND PRODUCERS IN THE WILD, WILD WEST OF CANNABIS TAX LAW

by Elyse Glickman

AS A VETERAN RODEO COWBOY and agriculture professional, California Agricultural Outreach Liaison and *Clever Root* columnist Seth Doulton could easily be described as a sheriff overseeing the state's evolving cannabis industry. Doulton, however, insists that "wrangler" is a better analogy: "I herd growers and producers in the right direction by helping them understand laws and regulations regarding best business practices, sustainable product growth and tracking product from farm to dispensary."

California is the only state that fields questions from constituents on compliance and adjudication on 39 kinds of taxes, including cannabis-related taxes. Doulton's unique position as a liaison is the result of a plea he made to Assemblywoman Fiona Ma ten years ago, while he was running the Grand National Rodeo, to save San Francisco's historic Cow Palace from demolition.

When Ma expressed an interest in learning more about California's agricultural industries, Doulton introduced her to several businesses. He, in turn, became better acquainted with members of the legislature and the workings of California agricultural law. Seven years into their professional alliance, Ma offered him a position, contingent on her successful campaign for a seat on the California State Board of Equalization.

Doulton became the Agricultural Liaison in 2014, serving District 2, which encompasses

the 23 counties from Santa Barbara to the Oregon border, including the cannabis-friendly Emerald Triangle.

"Immediately after she hired me, she asked me to focus on the cannabis industry, explaining that it was going to become a big part of the California economy," he recalls. "That's an interesting thing to hear from your boss on your third day at work."

The Board of Equalization is responsible for collecting sales tax and delivering approximately \$62 billion into the State Treasury, but Ma was unsure of how many existing dispensaries and business were paying their share, Doulton notes. After extensive research, he found that some cannabis businesses were working underground without records. Access to solid data was difficult, but several state agencies estimated that only 25% of the businesses were reporting sales-tax figures.

"In the last three years, I have gotten to know dozens of people who have run their own businesses for years and have done a good job at it," he continues. "Therefore, it's important to create a sense of common ground with both sides. As the cannabis industry grows, I am approached by officials and politicians who detail plans to do various things in their cities and counties. I have to remind them that although the industry is new, some growers and producers have actually been around since Proposi-

tion 215 was enacted 20-plus years ago."

Although the Medical Cannabis Regulation Safety Act (MCRSA) was signed in 2015 by Governor Jerry Brown, and it became legal the following year for adults to use cannabis recreationally, Doulton estimates that it will take three or four years to have the industry organized in a way that will make sense to growers, dispensaries and the general public. He points out a need for better distribution channels and supply-chain efficiency, adding that the distribution phase is a good time to test products and collect taxes.

"Agencies tasked with the control of cannabis are trying to merge Proposition 64 and the MCRSA to create a consistent framework, as these propositions conflict with each other in a couple of places," he explains. "When some counties want to stop delivery and distribution services, I suggest they reconsider, as these activities will happen whether cannabis is banned or not. There are people who not only want but need cannabis for medical purposes. Hopefully, in the future, there will be a greater understanding of why people need access, and communities will realize that cannabis products are trackable and manifests can be created for deliveries, just as with other industries. This doesn't have to be complicated." ■*cr*

See page 94 for Seth's story on a Central Coast cannabis event.

