

STATE OF NEW YORK

5660--A

2025-2026 Regular Sessions

IN ASSEMBLY

February 19, 2025

Introduced by M. of A. BARRETT, LUPARDO, KELLES -- read once and referred to the Committee on Agriculture -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the agriculture and markets law and the tax law, in relation to enacting the carbon farming act

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. This act shall be known and may be cited as the "carbon farming act".

§ 2. Section 150 of the agriculture and markets law is amended by adding a new subdivision 5 to read as follows:

5. "Carbon farming" means the implementation of land management strategies for the purposes of sequestering greenhouse gas emissions into agricultural soils, minerals and biomass on land used in support of a farm operation, or in carbonate minerals or bicarbonates, through approved carbon farming practices pursuant to section one hundred fifty-one-s of this chapter.

§ 3. The agriculture and markets law is amended by adding a new article 11-C to read as follows:

ARTICLE 11-C

CARBON FARMING ACT

Section 151-p. Legislative findings and intent.

151-q. Definitions.

151-r. Carbon farming certification committee.

151-s. Approval of carbon farming certification.

151-t. Carbon farming education.

§ 151-p. Legislative findings and intent. The legislature finds and declares that carbon farming presents a significant economic opportunity for New York's agricultural sector while advancing the state's climate goals. By incentivizing soil carbon sequestration, enhancing soil

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 health, and reducing greenhouse gas emissions, this legislation will
2 provide direct economic benefits to farmers, improve long-term agricul-
3 tural productivity, and contribute to the expansion of a carbon farming
4 industry within the state. Establishing New York as a leader in this
5 field will promote investment, job creation, and rural economic develop-
6 ment, while also positioning the state as a model for integrating
7 climate-smart agricultural practices into a broader decarbonization
8 strategy.

9 § 151-q. Definitions. As used in this article:

10 1. "Committee" means the carbon farming certification committee estab-
11 lished pursuant to section one hundred fifty-one-r of this article.

12 2. "Carbon farming certification framework" or "certification frame-
13 work" means the set of technical criteria and procedures used to deter-
14 mine eligibility for the carbon farming tax credit. The certification
15 framework shall be used to: (a) identify qualified carbon farming prac-
16 tices that are appropriate and effective within the context of New York
17 state farming systems, based on credible research and regionally rele-
18 vant data; (b) define the factors to be considered in evaluating carbon
19 sequestration potential, including expected duration of storage, moni-
20 toring and verification requirements, appropriate application ranges,
21 and implementation conditions; and (c) provide the basis for developing
22 practice-specific certification standards for each qualified practice.

23 3. "Carbon farming practice standard" or "practice standard" means the
24 set of practice-specific requirements that shall be met for a qualified
25 practice to be eligible for the carbon farming tax credit. Each practice
26 standard shall: (a) establish the parameters for monitoring, reporting
27 and verification, consistent with accepted scientific and technical
28 methodologies; (b) define appropriate application ranges and implementa-
29 tion thresholds to ensure agronomic suitability and to prevent excessive
30 use of a practice solely for the purpose of increasing the credit value;
31 and (c) specify the conditions under which the practice shall be imple-
32 mented to ensure that the intended carbon sequestration outcomes are
33 achieved.

34 4. "Carbon farming credit value" or "credit value" means the monetary
35 value assigned per metric ton of carbon dioxide equivalent removed
36 through qualified practices, based on the social cost of carbon as
37 adopted by the department pursuant to section 75-0113 of the environ-
38 mental conservation law, and adjusted, where applicable, by a factor
39 reflecting the expected duration of carbon sequestration.

40 5. "Carbon farming tax credit" means the carbon farming credit estab-
41 lished pursuant to section two hundred ten-B or six hundred six of the
42 tax law.

43 6. "Durability rating" means an assessment of the expected length of
44 time that carbon dioxide removed through a qualified practice will
45 remain sequestered. Practices that are determined to store carbon for
46 one hundred years or longer shall receive the highest rating. Practices
47 with shorter storage durations shall receive proportionally lower
48 ratings, to ensure that the value of the tax credit reflects the longev-
49 ity of the carbon benefits, as determined using methodologies approved
50 by the department.

51 7. "Farm product" has the same meaning as set forth in subdivision
52 five of section two of this chapter.

53 8. "Monitoring, reporting, and verification" or "MRV" means the
54 systematic process of tracking, documenting, and confirming the carbon
55 sequestration impact of carbon farming practices through approved meth-
56 odologies, ensuring compliance and transparency in reported outcomes.

1 § 151-r. Carbon farming certification committee. 1. There is hereby
2 created within the department a carbon farming certification committee
3 for the purpose of developing a certification framework, determining
4 qualified carbon removal practices eligible for the carbon farming tax
5 credit, and promulgating certification standards for qualified carbon
6 removal practices.

7 2. The carbon farming certification committee shall consist of: the
8 commissioner or their chosen designee; the commissioner of environmental
9 conservation or their chosen designee; two representatives appointed by
10 the governor; two representatives appointed by the temporary president
11 of the senate; two representatives appointed by the speaker of the
12 assembly; one representative appointed by the minority leader of the
13 senate; and one representative appointed by the minority leader of the
14 assembly. Such members shall be appointed in accordance with the
15 provisions of subdivision three of this section.

16 3. The carbon farming certification committee shall include members
17 from regions throughout the state and shall include at least one repre-
18 sentative practicing farming in the state. Such representatives shall
19 have experience in one or more of the following fields: soil science,
20 agronomy, carbon quantification, climate science, or New York state
21 farming systems.

22 4. The members of the committee shall serve without compensation but
23 shall be entitled to reimbursement for all necessary expenses incurred
24 in the performance of their duties.

25 5. The committee shall establish a framework for evaluating carbon
26 farming practices that will be used to qualify carbon farming practices
27 for the carbon farming tax credit and develop practice specific certif-
28 ication standards for each qualified practice. Pursuant to qualifying or
29 disqualifying a practice, the committee shall assess, consider, and make
30 determinations in reference to the following:

31 (a) scientific evidence of carbon sequestration benefits of carbon
32 farming practices under New York state conditions;

33 (b) parameters required for monitoring, reporting and verification of
34 each practice, consistent with accepted scientific and technical method-
35 ologies;

36 (c) appropriate application ranges and implementation thresholds for
37 each qualified practice to ensure agronomic suitability and prevent
38 excessive application; and

39 (d) other conditions under which each practice must be implemented to
40 ensure the intended carbon sequestration outcomes are achieved.

41 6. Before finalizing the certification framework, determining quali-
42 fied carbon removal practices eligible for the carbon farming tax credit
43 and promulgating certification standards for the qualified carbon
44 removal practices pursuant to subdivision one of this section, the
45 committee shall provide a draft framework to the department and the
46 department shall make such information available on its website.

47 7. The committee shall hold at least three public hearings on the
48 draft framework and shall allow at least sixty days for the submission
49 of public comment.

50 8. The committee shall convene within sixty days of the effective date
51 of this section and shall deliver the certification framework, determine
52 qualified practices, and deliver associated practice-specific certif-
53 ication standards to the department no later than eighteen months from
54 the date of its first meeting.

55 9. The committee shall meet no less than annually to review the
56 certification framework and certification standards and may modify such

1 framework and standards to incorporate new data and scientific findings.
2 The committee shall review qualified carbon removal practices and modify
3 such practices as needed.

4 § 151-s. Approval of carbon farming certification. 1. Upon delivery of
5 the certification framework, qualified carbon removal practices eligible
6 for the carbon farming tax credit, and certification standards from the
7 carbon farming certification committee pursuant to section one hundred
8 fifty-one-r of this article, the department shall review, amend and
9 approve such certification framework and certification standards no
10 later than six months after delivery to the department by the committee.
11 The department, in consultation with the department of environmental
12 conservation, shall:

13 (a) establish procedures for verifying compliance with each practice-
14 specific certification standard; and

15 (b) promulgate rules and regulations necessary to implement the
16 provisions of this subdivision.

17 2. Upon approval of the certification framework, list of qualified
18 practices, and associated practice-specific certification standards, the
19 department shall transmit such materials to the department of taxation
20 and finance for the purpose of administering the carbon farming tax
21 credit authorized pursuant to the tax law.

22 3. The department shall provide ongoing technical guidance and support
23 to the department of taxation and finance as needed to ensure that tax
24 credit claims are consistent with the approved certification framework
25 and certification standards.

26 4. The department of taxation and finance shall consult with the
27 department as needed to verify compliance, resolve disputes, and support
28 implementation of the credit.

29 § 151-t. Carbon farming education. 1. The department, in cooperation
30 with the department of environmental conservation, the state soil and
31 water conservation committee, and the New York state college of agricul-
32 ture and life sciences shall develop educational materials to encourage
33 carbon farming. Such educational materials shall promote farming prac-
34 tices which reduce, sequester and mitigate greenhouse gas emissions on
35 land used in support of a farm operation.

36 2. The department shall promote the carbon farming tax credit estab-
37 lished pursuant to sections two hundred ten-B and six hundred six of the
38 tax law.

39 § 4. Section 210-B of the tax law is amended by adding a new subdivi-
40 sion 63 to read as follows:

41 63. Carbon farming credit. (a) Allowance of credit. A taxpayer that is
42 an agricultural business that produces farm products shall be allowed a
43 credit against the tax imposed by this article for the practice of
44 carbon farming.

45 (b) Definitions. For purposes of this section the following terms
46 shall have the following meanings:

47 (i) "carbon farming" shall have the same meaning as set forth in
48 subdivision five of section one hundred fifty of the agriculture and
49 markets law;

50 (ii) "carbon farming credit value" shall mean the monetary value
51 assigned per metric ton of carbon dioxide equivalent removed through
52 qualified carbon farming practices, based on the social cost of carbon
53 as set forth in section 75-0113 of the environmental conservation law,
54 and adjusted, where applicable, by a factor reflecting the expected
55 duration of carbon sequestration;

1 (iii) "carbon sequestration" shall mean the storage of carbon in
2 trees, soil, minerals, and water;

3 (iv) "durability rating" shall mean an assessment of the expected
4 length of time that carbon dioxide removed through a qualified practice
5 will remain sequestered. Practices that are determined to result in
6 carbon sequestration of one hundred years or more shall be assigned a
7 durability rating equal to one;

8 (v) "farm products" shall have the same meaning as set forth in subdi-
9 vision five of section two of the agriculture and markets law;

10 (vi) "qualified carbon farming practice" shall mean a practice listed
11 as eligible under the carbon farming certification framework established
12 pursuant to section one hundred fifty-one-r of the agriculture and
13 markets law; and

14 (vii) "social cost of carbon" shall have the same meaning as set forth
15 in section 75-0113 of the environmental conservation law.

16 (c) Valuation of credit. The monetary value of the credit, per metric
17 ton, shall vary according to the durability rating of each carbon farm-
18 ing practice. Values shall be derived from the social cost of carbon and
19 adjusted based on the durability rating of each practice to ensure that
20 the value of the tax credit reflects the longevity of the carbon bene-
21 fits. Practices that are determined to store carbon for one hundred
22 years or longer shall be assigned credit values equal to the social cost
23 of carbon per metric ton. Practices with shorter storage durations shall
24 be assigned proportionally lower credit values adjusted for their dura-
25 bility rating.

26 (d) Application of credit. Such credit shall be equal to the total
27 number of metric tons of carbon dioxide removed and sequestered during
28 the taxable year, as certified pursuant to section one hundred fifty-
29 one-s of the agriculture and markets law, multiplied by the carbon farm-
30 ing credit value.

31 (e) Certification required. The taxpayer shall attach to its tax
32 return its final certificate of eligibility issued by the commissioner
33 of agriculture and markets pursuant to section one hundred fifty-one-s
34 of the agriculture and markets law. In no event shall the taxpayer be
35 allowed a credit greater than the amount of the credit listed on the
36 final certificate verifying the emissions reductions to be credited to
37 the taxpayer.

38 (f) Carryover of credit. If the amount of the credit allowable under
39 this subdivision shall exceed the taxpayer's tax for such year and the
40 taxpayer's New York adjusted gross income for such year does not exceed
41 sixty thousand dollars, the excess shall be treated as an overpayment of
42 tax to be credited or refunded in accordance with the provisions of
43 section six hundred eighty-six of this chapter, provided, however, that
44 no interest shall be paid thereon. If the taxpayer's New York adjusted
45 gross income for such year exceeds sixty thousand dollars, the excess
46 credit may be carried over to the following year or years and may be
47 deducted from the taxpayer's tax for such year or years.

48 § 5. Section 606 of the tax law is amended by adding a new subsection
49 (uuu) to read as follows:

50 (uuu) Carbon farming credit. (1) Allowance of credit. A taxpayer who
51 provides farm products and who practices carbon farming shall be allowed
52 a credit against the tax imposed by this article.

53 (2) Definitions. For the purposes of this subsection, the following
54 definitions shall apply:

1 (A) "Carbon farming" shall have the same meaning as set forth in
2 subdivision five of section one hundred fifty of the agriculture and
3 markets law.

4 (B) "Carbon farming credit value" shall mean the monetary value
5 assigned per metric ton of carbon dioxide equivalent removed through
6 qualified carbon farming practices, based on the social cost of carbon
7 as set forth in section 75-0113 of the environmental conservation law,
8 and adjusted, where applicable, by a factor reflecting the expected
9 duration of carbon sequestration.

10 (C) "Carbon sequestration" shall mean the storage of carbon in trees,
11 soil, minerals, and water.

12 (D) "Durability rating" shall mean an assessment of the expected
13 length of time that carbon dioxide removed through a qualified practice
14 will remain sequestered. Practices that are determined to result in
15 carbon sequestration of one hundred years or more shall be assigned a
16 durability rating equal to one.

17 (E) "Farm products" shall have the same meaning as set forth in subdi-
18 vision five of section two of the agriculture and markets law.

19 (F) "Qualified carbon farming practice" shall mean a practice listed
20 as eligible under the carbon farming certification framework established
21 pursuant to section one hundred fifty-one-r of the agriculture and
22 markets law.

23 (G) "Social cost of carbon" shall have the same meaning as set forth
24 in section 75-0113 of the environmental conservation law.

25 (3) Application of credit. Such credit shall be equal to the total
26 number of metric tons of carbon dioxide removed and sequestered during
27 the taxable year, as certified pursuant to section one hundred fifty-
28 one-s of the agriculture and markets law, multiplied by the carbon farm-
29 ing credit value.

30 (4) Certification required. The taxpayer shall attach to its tax
31 return its final certificate of eligibility issued by the commissioner
32 of agriculture and markets pursuant to section one hundred fifty-one-s
33 of the agriculture and markets law. In no event shall the taxpayer be
34 allowed a credit greater than the amount of the credit listed on the
35 final certificate verifying the emissions reductions to be credited to
36 the taxpayer.

37 (5) Carryover of credit. If the amount of the credit allowable under
38 this subsection shall exceed the taxpayer's tax for such year and the
39 taxpayer's New York adjusted gross income for such year does not exceed
40 sixty thousand dollars, the excess shall be treated as an overpayment of
41 tax to be credited or refunded in accordance with the provisions of
42 section six hundred eighty-six of this article, provided, however,
43 that no interest shall be paid thereon. If the taxpayer's New York
44 adjusted gross income for such year exceeds sixty thousand dollars,
45 the excess credit may be carried over to the following year or years
46 and may be deducted from the taxpayer's tax for such year or years.

47 § 6. Paragraph (a-1) of subdivision 1 of section 210-B of the tax law,
48 as added by section one of subpart A of part B of chapter 59 of the laws
49 of 2022, is amended to read as follows:

50 (a-1) For a taxpayer that is an eligible farmer, as defined in subdi-
51 vision eleven of this section, the percentage to be used to compute the
52 credit allowed under this subdivision shall be twenty percent for prop-
53 erty described in subparagraph (i) of paragraph (b) of this subdivision
54 that is principally used by the taxpayer in the production of goods by
55 farming, agriculture, horticulture, floriculture or viticulture. For any
56 such property described in subparagraph (i) of paragraph (b) of this

1 subdivision that is principally used by the eligible taxpayer for the
2 purposes of carbon farming, as defined in subdivision five of section
3 one hundred fifty of the agriculture and markets law, the percentage to
4 be used to compute the credit allowed under this subdivision shall be an
5 additional ten percent.

6 § 7. Paragraph 1-a of subsection (a) of section 606 of the tax law, as
7 added by section 2 of subpart A of part B of chapter 59 of the laws of
8 2022, is amended to read as follows:

9 (1-a) For a taxpayer that is an eligible farmer, as defined in
10 subsection (n) of this section, the percentage to be used to compute the
11 credit allowed under this subsection shall be twenty percent for proper-
12 ty described in subparagraph (A) of paragraph two of this subsection
13 that is principally used by the taxpayer in the production of goods by
14 farming, agriculture, horticulture, floriculture or viticulture. For any
15 such property described in subparagraph (A) of paragraph two of this
16 subsection that is principally used by the eligible taxpayer for the
17 purposes of carbon farming, as defined in subdivision five of section
18 one hundred fifty of the agriculture and markets law, the percentage to
19 be used to compute the credit allowed under this subsection shall be an
20 additional ten percent.

21 § 8. This act shall take effect on the one hundred eightieth day after
22 it shall have become a law. Effective immediately, the addition, amend-
23 ment and/or repeal of any rule or regulation necessary for the implemen-
24 tation of this act on its effective date are authorized to be made and
25 completed on or before such effective date.