

# STATE OF NEW YORK

8256

## IN SENATE

April 24, 2018

Introduced by Sen. COMRIE -- read twice and ordered printed, and when printed to be committed to the Committee on Agriculture

AN ACT to amend the agriculture and markets law, the environmental conservation 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:

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

3 § 2. Legislative intent. The legislature hereby finds and declares  
4 that soil and vegetation management can significantly enhance soil and  
5 carbon sequestration, resulting in a wide range of environmental and  
6 agricultural benefits to New York farmers and residents, including:  
7 increased yields; soil health; improved water quality; and reductions in  
8 greenhouse gases. The legislature further declares that enhancing carbon  
9 sequestration, the long term storage of carbon in plants, soils, geolog-  
10 ic formations and the ocean, through farming is in the best interest of  
11 New Yorkers. It is therefore the intent of the legislature and the  
12 purpose of this act to encourage farmers to further sequester and miti-  
13 gate carbon in this state by establishing carbon farming tax credit to  
14 reward and incentivize farmers to maintain or adopt practices that help  
15 maximize New York's carbon sequestration potential.

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

18 5. "Carbon farming" means the implementation of a land management  
19 strategy for the purposes of reducing, sequestering, and mitigating  
20 greenhouse gas emissions on land used in support of a farm operation and  
21 quantifying those greenhouse gas benefits using the United States  
22 Department of Agriculture's COMET-Planner, COMET-Farm, and other quanti-  
23 fication tools.

24 § 4. Section 210-B of the tax law is amended by adding a new subdivi-  
25 sion 53 to read as follows:

26 53. Carbon farming credit. (a) Allowance of credit. A taxpayer that is  
27 an agricultural business that produces farm products shall be allowed a

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

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1 credit against the tax imposed by this article for the practice of  
2 carbon farming.

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

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

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

10 (iii) "carbon sequestration" shall mean the long term storage of  
11 carbon in plants and soils.

12 (c) Such credit shall be calculated based on the economic value of  
13 carbon farming as determined by the commissioner of environmental  
14 conservation, in consultation with the commissioner of agriculture and  
15 markets and the commissioner pursuant to paragraph ccc of subdivision  
16 two of section 3-0301 of the environmental conservation law.

17 (d) The taxpayer shall attach to its tax return its final certificate  
18 of eligibility issued by the commissioner of environmental conservation  
19 pursuant to section 19-0309 of the environmental conservation law. In no  
20 event shall the taxpayer be allowed a credit greater than the amount of  
21 the credit listed on the final certificate verifying the emissions  
22 reductions to be credited to the taxpayer.

23 (e) If the amount of the credit allowable under this subdivision for  
24 any taxable year shall exceed the taxpayer's tax for such year, any  
25 amount of credit not deductible in such taxable year may be carried over  
26 to the following three years, and may be deducted for the taxpayer for  
27 such year.

28 § 5. Section 606 of the tax law is amended by adding a new subsection  
29 (jjj) to read as follows:

30 (jjj) Carbon farming credit. (1) Allowance of credit. A taxpayer who  
31 provides farm products and who practices carbon farming shall be allowed  
32 a credit against the tax imposed by this article.

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

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

37 (B) "Carbon farming" shall have the same meaning as set forth in  
38 subdivision five of section one hundred fifty of the agriculture and  
39 markets law.

40 (3) Application of credit. Such credit shall be calculated based on  
41 the economic value of carbon farming as determined by the commissioner  
42 of environmental conservation, in consultation with the commissioner of  
43 agriculture and markets pursuant to paragraph ccc of subdivision two of  
44 section 3-0301 of the environmental conservation law.

45 (4) Certification required. The taxpayer shall attach to its tax  
46 return its final certificate of eligibility issued by the commissioner  
47 of environmental conservation pursuant to section 19-0309 of the envi-  
48 ronmental conservation law. In no event shall the taxpayer be allowed a  
49 credit greater than the amount of the credit listed on the final certif-  
50 icate verifying the emissions reductions to be credited to the taxpayer.

51 (5) Carryover of credit. If the amount of the credit allowable under  
52 this subsection for any taxable year shall exceed the taxpayer's tax for  
53 such year, any amount of credit not deductible in such taxable year may  
54 be carried over to the following three years, and may be deducted for  
55 the taxpayer for such year.

1 § 6. Subdivision 2 of section 3-0301 of the environmental conservation  
2 law is amended by adding a new paragraph ccc to read as follows:

3 ccc. Cooperate with the department of agriculture and markets to  
4 develop educational materials to promote and encourage carbon farming.  
5 Such materials shall promote farming practices which reduce, sequester  
6 and mitigate greenhouse gas emissions through the implementation of  
7 carbon farming strategies and on land used in support of a farm opera-  
8 tion; and develop and codify a metric to quantify the storage of carbon  
9 using the United States Department of Agriculture's COMET-Planner,  
10 COMET-Farm, and other quantification tools. The department shall develop  
11 and distribute an application and certification procedure which verifies  
12 the carbon stored to be credited to each farm. The department may  
13 promulgate rules and regulations necessary to implement this section.

14 § 7. Subdivision 1 of section 19-0309 of the environmental conserva-  
15 tion law, as amended by chapter 817 of the laws of 1987, is amended to  
16 read as follows:

17 1. For the purposes of sections 208, 210, 606 and 612 of the Tax Law,  
18 the commissioner or his designated representative is hereby authorized  
19 to issue certificates of compliance concerning air pollution control  
20 facilities ~~and~~, air pollution controlled process facilities and carbon  
21 farming as defined in such law. No such certificate shall be issued  
22 unless the facility to which it is applicable is in compliance with  
23 applicable provisions of titles 1 to 11, inclusive, and title 19 of  
24 article 17, article 19, and title 1 of article 27 of this chapter; of  
25 the Public Health Law; of the state sanitary code and of codes, rules,  
26 regulations, permits or orders issued pursuant thereto.

27 § 8. Section 16 of the agriculture and markets law is amended by  
28 adding a new subdivision 49 to read as follows:

29 49. Cooperate with the department of environmental conservation to  
30 develop educational materials to encourage carbon farming and how to  
31 use the United States Department of Agriculture's COMET-Planner, COMET-  
32 Farm, and other carbon quantification tools. The program shall promote  
33 farming practices which reduce, sequester and mitigate greenhouse gas  
34 emissions on land used in support of a farm operation. The department  
35 shall promote the carbon farming tax credit provided in sections two  
36 hundred ten-b and six hundred six of the tax law.

37 § 9. This act shall take effect on the ninetieth day after it shall  
38 have become a law; provided, however, that effective immediately, the  
39 addition, amendment, and/or repeal of any rule or regulation necessary  
40 for the implementation of this act on its effective date are authorized  
41 and directed to be made and completed on or before such effective date.