

HOUSE BILL No. 2640

By Representative Xu

2-12

1 AN ACT concerning income taxation; relating to credits; establishing a
2 credit for the practice of carbon farming; prescribing certain duties on
3 the secretary of agriculture.

4
5 WHEREAS, Soil and vegetation management can significantly
6 enhance soil and carbon sequestration, resulting in a wide range of
7 environmental and agricultural benefits to Kansas farmers and residents,
8 including increased yields, soil health, improved water quality and
9 reductions in greenhouse gases; and

10 WHEREAS, Enhancing carbon sequestration, the long-term
11 storage of carbon in plants, soils, geologic formations and the ocean,
12 through farming is in the best interest of Kansas; and

13 WHEREAS, It is therefore the intent of the legislature of the state
14 of Kansas and the purpose of this act to encourage farmers to further
15 sequester and mitigate carbon in this state by establishing a carbon farming
16 tax credit to reward and incentivize farmers to maintain or adopt practices
17 that help maximize Kansas' carbon sequestration potential.

18 Now, therefore:

19 *Be it enacted by the Legislature of the State of Kansas:*

20 Section 1. (a) As used in this section:

21 (1) "Agricultural land" means the same as defined in K.S.A. 17-5903,
22 and amendments thereto.

23 (2) "Carbon farming" means:

24 (A) The implementation of a land management strategy upon
25 agricultural land that is used for farming for the purposes of reducing,
26 sequestering and mitigating greenhouse gas emissions; and

27 (B) quantifying the greenhouse gas benefits of such land management
28 strategy by utilizing the United States department of agriculture's comet-
29 planner and comet-farm quantification tools.

30 (3) "Farming" means the same as defined in K.S.A. 17-5903, and
31 amendments thereto.

32 (4) "Land management strategy" includes, but is not limited to, the
33 use of cover crops, conservation crop rotations, prescribed grazing,
34 nutrient management and a no-tillage system.

35 (b) For tax year 2021, and all tax years thereafter, a credit shall be
36 allowed against the tax imposed by the Kansas income tax act for a

1 taxpayer who engages in farming on agricultural land and implements
2 carbon farming. The amount of the credit shall be calculated and certified
3 by the secretary of agriculture as provided in subsection (d).

4 (c) The tax credit allowed by this section shall be deducted from the
5 taxpayer's income tax liability for the tax year in which such taxpayer
6 engages in farming on agricultural land and implements carbon farming.
7 The amount of such tax credit shall not exceed:

8 (1) Ninety percent of such taxpayer's income tax liability in such tax
9 year when the gross earnings of such taxpayer's farming are under
10 \$1,000,000; and

11 (2) fifty percent of such taxpayer's income tax liability in such tax
12 year when the gross earnings of such taxpayer's farming are at or above
13 \$1,000,000.

14 (d) The secretary of agriculture, in consultation with the secretary of
15 revenue, shall annually calculate and certify the amount of credit based on
16 the economic value of carbon farming performed by the taxpayer. The
17 secretary of agriculture shall provide the taxpayer a final certificate of
18 eligibility stating the amount of credit. The taxpayer shall include the
19 certificate when filing an income tax return for any tax year in which the
20 credit is applied against the taxpayer's income tax liability.

21 (e) The secretary of agriculture is hereby authorized to issue
22 certificates of compliance concerning the implementation of carbon
23 farming on agricultural land by any taxpayer.

24 (f) The secretary of agriculture, in consultation with the secretary of
25 revenue, shall develop educational materials to encourage:

26 (1) The implementation of carbon farming;

27 (2) the procurement of certificates of compliance; and

28 (3) the utilization of the United States department of agriculture's
29 comet-planner and comet-farm quantification tools.

30 (g) On or before February 1 of each year, the secretary of agriculture
31 shall submit to the house of representatives standing committee on
32 agriculture and the senate standing committee on agriculture and natural
33 resources an annual report on the implementation and results of the carbon
34 farming tax credit in the state of Kansas.

35 (h) The secretary of agriculture shall adopt rules and regulations to
36 implement the provisions of this section, including the development of a
37 method by which the economic value of carbon farming performed by
38 taxpayers is calculated.

39 (i) The provisions of this section shall expire on July 1, 2026.

40 Sec. 2. This act shall take effect and be in force from and after its
41 publication in the statute book.