

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE DRH70233-LD-82 (02/26)

Short Title: LRC Study GHG Credits for Farming. (Public)

Sponsors: Representatives Faison and Hill (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO STUDY THE FEASIBILITY AND ADVISABILITY OF EXTENDING CREDITS TO FARMING AS A BUSINESS IN ANY "CAP-AND-TRADE" PROGRAM FOR GREENHOUSE GAS EMISSIONS THE STATE MAY ADOPT.

The General Assembly of North Carolina enacts:

SECTION 1. The Legislative Research Commission may study the feasibility and advisability of extending credits to the business of farming in the same manner that credits are extended to other businesses in the event North Carolina enacts or adopts by rule a market-based "Cap-and-Trade" program for greenhouse gas (GHG) emissions. As used in this section, a "Cap-and-Trade" program is any program that places a limit, the cap, on the total amount of GHG emissions that is allowed under the specific target for GHG emissions set by the State, allocates GHG emissions as credits to individual businesses so that the total credits allocated equal the cap, and allows businesses to bank credits for the future or to buy and sell credits based on whether a particular business reduced or increased its GHG emissions in a given year and the value of the credits in the marketplace. In its study, the Commission may consider all of the following:

- (1) How farmers can monitor GHG emissions.
- (2) What the anticipated costs are to farmers to participate in a "Cap-and-Trade" program for GHG emissions, including the costs of monitoring GHG emissions, satisfying reporting requirements, and any other costs.
- (3) How farmers can reduce GHG emissions on a farm.
- (4) How farmers can increase their farms' ability to act as "carbon sinks," that is, utilize the carbon-absorbing abilities of plants and trees to remove carbon dioxide from the atmosphere.

1 (5) If farms can act as "carbon sinks" under subdivision (4) of this section,
2 whether the removal of carbon dioxide from the atmosphere should
3 receive some market value under the State's "Cap-and-Trade" program.

4 (6) How much farmers are likely to increase their annual incomes by
5 participating as businesses in a "Cap-and-Trade" program for GHG
6 emissions.

7 (7) Any other issues the Commission considers relevant to this topic.

8 **SECTION 2.** The Legislative Research Commission may make an interim
9 report to the 2007 General Assembly, Regular Session 2008, and shall make its final
10 report to the 2009 General Assembly.

11 **SECTION 3.** The Legislative Services Officer shall allocate funds
12 appropriated to the General Assembly for the expenditures of the Legislative Services
13 Commission in conducting this study.

14 **SECTION 4.** This act becomes effective July 1, 2007.