

Report and Policy Resolutions of Michigan Farm Bureau Carbon Credits Task force to Michigan Farm Bureau Board of Directors

Task Force Members

- Jake Isley, Lenawee County, Chair
- Mark Bontekoe, Osceola County
- Jake Faist, Jackson County
- Kyle McCarty, Sanilac County
- Mike Milligan, Tuscola County
- Greg Shooks, Antrim County

Michigan Farm Bureau/Michigan State University Support

- Tess Van Gorder, MFB Conservation & Regulatory Relations Specialist, Staff Lead
- Loren Koeman, MFB Lead Economist/ICRR Manager
- Theresa Sisung, MFB Industry Relations Specialist
- Dr. Molly Sears, MSU AFRE Assistant Professor

Committee Charge

At the 2023 State Annual Meeting, delegates adopted the following language in MFB Policy #74 Carbon Sequestration & Ecosystem Services Markets: “(we support) MFB, MSU, and farmers implementing a task force to help set guidelines for carbon credits, to be reviewed at the 2024 MFB state annual meeting.”

Summary of Task Force Work:

The Task Force met twice throughout the summer, with one meeting being in person and one virtually. During the in-person meeting, the Task Force received presentations from three issue experts. Tess provided a primer on carbon credit programs and what producers should be aware of when interacting with the programs. Dr. Sears and Loren provided an economic evaluation of the current state of the market, where the market has been, where it is going, what would it mean for a carbon credit to be traded like a commodity, and an overview of research related to carbon credits and climate-smart agriculture. At the end of the first meeting, the group also had robust discussion on potential resolutions. At the second meeting the Task Force had a thorough discussion on different policy concepts that could support members engaging in carbon credit programs and the broader climate-smart agriculture and forestry space.

Discussion:

The Task Force discussed many aspects of current carbon credit programs. One of the strongest discussion points was that due to the low prices being offered, it is unlikely that farmer participation in programs will significantly increase until a fair compensation is being offered for farmers adopting new or changed practices. Given the variety of carbon credit programs, the Task Force did not see a “one size fits all” recommendation, but focused on ensuring producers are fairly compensated for conservation practice implementation. Task Force members discussed different types of resources needed, which staff have started and will continue to add to at michfb.com/climate. One of the major challenges discussed

was the lack of transparency in current programs that makes it difficult to understand the requirements of a program, especially when it comes to contracts.

Task Force Recommendations:

Recommendation No. 1

Premiums for Conservation Implementation

The MFB Carbon Credits Task Force supports the following addition to MFB Policy #74, Carbon Sequestration and Ecosystem Services Markets, by adding a new bullet after line 18 under “We support” that reads:

“An incentive-based market that provides a premium for agricultural and forestry products produced with positive environmental attributes from conservation implementation.”

For Policy Development

Recommendation No. 2

Premiums for Conservation Implementation (AFBF)

The MFB Carbon Credits Task Force supports the following addition to AFBF Policy #503 Climate Change by adding new language after 2.5 under “we support” that reads:

“An incentive-based market that provides a premium for agricultural and forestry products produced with positive environmental attributes from conservation implementation.”

For Policy Development

Recommendation No. 3

Increased Price Transparency (AFBF)

The MFB Carbon Credits Task Force supports the following addition to AFBF Policy #503, Climate Change after line 2.3 under “we support” that reads:

“Increased price transparency from agricultural carbon and ecosystem services credit programs.”

For Policy Development

Recommendation No. 4

Increased Price Transparency

The MFB Carbon Credits Task Force supports the following addition to MFB Policy #74, Carbon Sequestration and Ecosystem Services Markets, by adding a new bullet after line 12 under “We support” that reads:

“Increased price transparency from agricultural carbon and ecosystem services credit programs.”

For Policy Development

Recommendation No. 5**Transparency in Programs (AFBF)**

The MFB Carbon Credits Task Force supports the following addition to AFBF Policy #503, Climate Change after line 2.15 after “we support” that reads:

“AFBF and partners evaluating opportunities to enhance the transparency of agricultural carbon and ecosystem services credit programs.”

For Policy Development**Recommendation No. 6****Transparency in Programs**

The MFB Carbon Credits Task Force supports the following addition to MFB Policy #74, Carbon Sequestration and Ecosystem Services Markets, by adding a new bullet after Line 12 under “we support” that reads:

“The American Farm Bureau Federation, Michigan Farm Bureau, and partners evaluating opportunities to enhance the transparency of agricultural carbon and ecosystem services credit programs.”

For Policy Development**Recommendation No. 7****Climate-Smart Tax Credit Sharing**

The MFB Carbon Credits Task Force supports the following addition to MFB Policy #74 Carbon Sequestration and Ecosystem Services Markets, by adding a new bullet after line 19 under “We support” that reads:

“Sustainable/climate-smart tax credits, such as sustainable aviation fuel tax credits, being shared with producers when producers contributed to attaining the tax credit.”

For Policy Development**Recommendation No. 8****Climate-Smart Tax Credit Sharing (AFBF)**

The MFB Carbon Credits Task Force supports the following addition AFBF Policy #503, Climate Change by adding new language after 2.11 under “We support” that reads:

“Sustainable/climate-smart tax credits, such as sustainable aviation fuel tax credits, being shared with producers when producers contributed to attaining the tax credit.”

For Policy Development**Recommendation No. 9****Climate-Smart Tax Credit for Producers**

The MFB Carbon Credits Task Force supports the following addition to MFB Policy #94, Taxation after Line 109 under “we support” that reads:

“A tax credit being developed for individual operations producing climate-smart agricultural and forestry products.”

For Policy Development

Recommendation No. 10**Climate-Smart Tax Credit for Producers (AFBF)**

The MFB Carbon Credits Task Force supports the following addition to AFBF Policy #503, Climate Change after Line 2.8 under “we support” that reads:

“A tax credit being developed for individual operations producing climate-smart agricultural and forestry products.”

For Policy Development**Recommendation No. 11****Prioritizing U.S. Carbon and Ecosystem Services Credits**

The MFB Carbon Credits Task Force supports the following addition to MFB Policy #74 Carbon Sequestration and Ecosystem Services Markets, by adding a new bullet after line 24 under “We support” that reads:

“U.S. based companies and non-U.S. based companies generating a significant portion of revenue in the U.S. prioritizing the purchase of carbon and ecosystem services credits generated in the U.S.”

For Policy Development**Recommendation No. 12****Prioritizing U.S. Carbon and Ecosystem Services Credits (AFBF)**

The MFB Carbon Credits Task Force supports the following language to AFBF Policy #503, Climate Change by adding a new line after 2.32 under “we support” that reads:

“U.S. based companies and non-U.S. based companies generating a significant portion of revenue in the U.S. prioritizing the purchase of carbon and ecosystem services credits generated in the U.S.”

For Policy Development**Recommendation No. 13****USDA Program Use with Carbon & Ecosystem Services Programs**

The MFB Carbon Credits Task Force supports the following addition to MFB Policy #74 Carbon Sequestration and Ecosystem Services Markets by adding a new bullet after line 12 under “We support” that reads:

“Producers being able to utilize USDA cost-share programs alongside carbon and ecosystem services programs to better support the return on investment of conservation practice adoption.”

For Policy Development**Recommendation No. 14****USDA Program Use with Carbon & Ecosystem Services Programs (AFBF)**

The MFB Carbon Credits Task Force supports the following addition to AFBF Policy #503, Climate Change by language after 2.4 under “we support” that reads:

“Producers being able to utilize USDA cost-share programs alongside carbon and ecosystem services programs to better support the return on investment of conservation practice adoption.”

For Policy Development

Recommendation No. 15**Deletion of MFB Carbon Credits Task Force Policy**

The MFB Carbon Credits Task Force supports the deletion of Lines 23-27 from MFB Policy #74 Carbon Sequestration and Ecosystem Services Markets due to the completion of the work.

~~“MFB, MSU, and farmers implementing a task force to help set guidelines for carbon credits, to be reviewed at the 2024 MFB state annual meeting.”~~

For Policy Development**Conclusions and Next Steps**

Upon submittal of this report, the MFB Carbon Credits Force feels they have completed the charge put forward by the delegates. Staff and partners such as MSU are well-equipped to continue developing resources to support members interested in participating in carbon credit programs and monitoring developments in the public policy arena that would impact those programs or yield additional opportunities for farmers.