Payments for carbon sequestration

The June 24th 92-8 vote in the US Senate in favor of adopting the Growing Climate Solutions Act (GCSA) and sending it over to the House of Representatives is proof that bipartisanship is not completely dead, especially because it addresses climate change. More than a decade ago, Congress was in the midst of adopting a Cap and Trade program farmers could have used to receive payments for carbon sequestration when it all blew up.

Cap and Trade was originally promoted as a market-based program in which the government set a cap on CO_2 equivalent (CO_2E) emissions (a negative externality) and if they emitted CO_2E gasses in excess of that cap, they could purchase carbon credits from those who reduced their emission of CO_2E gasses or sequestered carbon from re-entering the atmosphere. Some farm groups were in the process of developing these markets when the view of Cap and Trade shifted from an example of a market-based solution to the poster child for government overreach. Cap and Trade was dead in the water.

Over the intervening years we have heard farmers bemoan the loss of both a potential source of additional farm income and the chance to do something positive in the face of climate change. Fast forward to 2021 with one of the most partisan Senates in recent memory and the GCSA passes by a wide margin. In reviewing this history, we are reminded of the old aphorism: "Laws are like sausages. It's better not to see them made." Instead, let's see what the GCSA is all about.

Currently there are a reasonably large number of farmers who view carbon credits as a way of receiving payments for carbon sequestration activities that with some modification and documentation are an ongoing part of their current agricultural practices. They are also aware of various markets that range from individuals who seek to offset the carbon emissions of engaging in international travel to major corporations that seek to reduce their net carbon footprint with the purchase of carbon credits.

Farmers have three general problems in accessing these payments. First, while farmers are keenly attuned to agricultural markets, most have few clues about the nature of carbon credit markets. Second, they may engage in agricultural practices that sequester carbon in their soil, but they lack the technical skills to quantify the amount of carbon they add to their soil. They can also earn carbon credits by reducing the amount of CO_2E emissions released in the course of their farming operations. Third, they need an objective third party to verify the credits they seek to sell.

The GCSA is designed to address these barriers to widespread farmer participation in carbon markets. The legislation directs the USDA to establish a website that will guide farmers through the process of gaining access to carbon markets. The USDA will certify Technical Assistance Providers with agriculture of forestry experience to work with farmers and foresters in implementing projects that can produce a tradeable carbon credit. It will also certify third-party verifiers who confirm that emissions were reduced, or carbon was stored.

The GCSA is designed to allow Congress to monitor how well this process works by requiring its renewal in 2026.

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