

1 A bill to be entitled

2 An act relating to a tax credit for carbon farming;
3 creating s. 220.197, F.S.; providing legislative
4 findings and intent; defining terms; establishing a
5 tax credit for carbon farming; requiring the Secretary
6 of Environmental Protection, in consultation with the
7 executive director of the Department of Revenue and
8 the Commissioner of Agriculture, to determine the
9 amount of the tax credit; requiring the Department of
10 Revenue to certify the taxpayer's eligibility for the
11 credit; authorizing the tax credit to carry forward
12 under certain circumstances for a specified period of
13 time; requiring the department to adopt rules;
14 amending s. 220.02, F.S.; making a technical change;
15 revising the order in which credits against the
16 corporate income tax or franchise tax may be taken to
17 include credits for carbon farming; amending s.
18 220.13, F.S.; making a technical change; revising the
19 term "adjusted federal income" to include certain tax
20 credits taken relating to carbon farming; providing an
21 effective date.

22
23 Be It Enacted by the Legislature of the State of Florida:

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25 Section 1. Section 220.197, Florida Statutes, is created

26 | to read:

27 | 220.197 Carbon farming tax credit.—

28 | (1) LEGISLATIVE FINDINGS AND INTENT.—The Legislature finds
29 | that soil and vegetation management can significantly enhance
30 | soil and carbon sequestration, resulting in a wide range of
31 | environmental and agricultural benefits to this state's farmers
32 | and residents, including increased yields, soil health, improved
33 | water quality, and reductions in greenhouse gasses. The
34 | Legislature further finds that enhancing carbon sequestration as
35 | defined in subsection (2) is in the best interest of this state.
36 | It is the intent of the Legislature to encourage farmers to
37 | further sequester and mitigate carbon in this state by
38 | establishing a carbon farming tax credit to reward and
39 | incentivize farmers to maintain or adopt practices that help
40 | maximize this state's carbon sequestration potential.

41 | (2) DEFINITIONS.—As used in this section, the term:

42 | (a) "Carbon farming" means implementing a land management
43 | strategy to reduce, sequester, and mitigate greenhouse gas
44 | emissions on land to support a farm operation and quantifying
45 | those greenhouse gas benefits using the United States Department
46 | of Agriculture's COMET-Planner and other quantification tools.

47 | (b) "Carbon sequestration" means the long-term storage of
48 | carbon in plants, soils, geologic formations, and the ocean
49 | through farming.

50 | (c) "Farm product" means an agricultural, dairy, or

51 horticultural product, or any product designed for food which is
52 manufactured or prepared principally from an agricultural,
53 dairy, or horticultural product, and the commercial raising,
54 shearing, feeding, and management of animals on a ranch.

55 (3) TAX CREDIT.—An agricultural business that produces
56 farm products is eligible for a credit against the tax imposed
57 by this chapter for carbon farming.

58 (a) The Secretary of Environmental Protection, in
59 consultation with the director and the Commissioner of
60 Agriculture, shall determine the amount of the credit, which
61 must be based on the economic value of carbon farming.

62 (b) The department shall certify a taxpayer's eligibility
63 for the credit, and the taxpayer shall attach to its tax return
64 the final certificate of eligibility. The taxpayer is not
65 eligible for a credit greater than the amount of the credit
66 listed on the final certificate certifying the emissions
67 reductions to be credited to the taxpayer.

68 (c) If the amount of the credit allowable under this
69 section for any taxable year exceeds the taxpayer's tax for such
70 year, the unused amount may be carried forward for a period not
71 to exceed 3 years. The carryover credit may be used in a
72 subsequent year when the tax imposed by this chapter for such
73 year exceeds the credit for such year, after applying the other
74 credits and unused credit carryovers in the order provided in s.
75 220.02 (8).

76 (4) RULES.—The department shall adopt rules to administer
 77 this section, including, but not limited to, rules prescribing
 78 forms and application procedures, and may establish guidelines
 79 for making an affirmative showing of qualification for a credit
 80 and any evidence needed to substantiate a claim for credit under
 81 this section.

82 Section 2. Subsection (8) of section 220.02, Florida
 83 Statutes, is amended to read:

84 220.02 Legislative intent.—

85 (8) It is the intent of the Legislature that credits
 86 against either the corporate income tax or the franchise tax be
 87 applied in the following order: those enumerated in s. 631.828,
 88 those enumerated in s. 220.191, those enumerated in s. 220.181,
 89 those enumerated in s. 220.183, those enumerated in s. 220.182,
 90 those enumerated in s. 220.1895, those enumerated in s. 220.195,
 91 those enumerated in s. 220.184, those enumerated in s. 220.186,
 92 those enumerated in s. 220.1845, those enumerated in s. 220.19,
 93 those enumerated in s. 220.185, those enumerated in s. 220.1875,
 94 ~~those enumerated in s. 220.192,~~ those enumerated in s. 220.193,
 95 those enumerated in s. 288.9916, those enumerated in s.
 96 220.1899, those enumerated in s. 220.194, ~~and~~ those enumerated
 97 in s. 220.196, and those enumerated in s. 220.197.

98 Section 3. Paragraph (a) of subsection (1) of section
 99 220.13, Florida Statutes, is amended to read:

100 220.13 "Adjusted federal income" defined.—

101 (1) The term "adjusted federal income" means an amount
102 equal to the taxpayer's taxable income as defined in subsection
103 (2), or such taxable income of more than one taxpayer as
104 provided in s. 220.131, for the taxable year, adjusted as
105 follows:

106 (a) *Additions.*—There shall be added to such taxable
107 income:

108 1.a. The amount of any tax upon or measured by income,
109 excluding taxes based on gross receipts or revenues, paid or
110 accrued as a liability to the District of Columbia or any state
111 of the United States which is deductible from gross income in
112 the computation of taxable income for the taxable year.

113 b. Notwithstanding sub-subparagraph a., if a credit taken
114 under s. 220.1875 is added to taxable income in a previous
115 taxable year under subparagraph 11. and is taken as a deduction
116 for federal tax purposes in the current taxable year, the amount
117 of the deduction allowed shall not be added to taxable income in
118 the current year. The exception in this sub-subparagraph is
119 intended to ensure that the credit under s. 220.1875 is added in
120 the applicable taxable year and does not result in a duplicate
121 addition in a subsequent year.

122 2. The amount of interest which is excluded from taxable
123 income under s. 103(a) of the Internal Revenue Code or any other
124 federal law, less the associated expenses disallowed in the
125 computation of taxable income under s. 265 of the Internal

126 Revenue Code or any other law, excluding 60 percent of any
127 amounts included in alternative minimum taxable income, as
128 defined in s. 55(b)(2) of the Internal Revenue Code, if the
129 taxpayer pays tax under s. 220.11(3).

130 3. In the case of a regulated investment company or real
131 estate investment trust, an amount equal to the excess of the
132 net long-term capital gain for the taxable year over the amount
133 of the capital gain dividends attributable to the taxable year.

134 4. That portion of the wages or salaries paid or incurred
135 for the taxable year which is equal to the amount of the credit
136 allowable for the taxable year under s. 220.181. This
137 subparagraph shall expire on the date specified in s. 290.016
138 for the expiration of the Florida Enterprise Zone Act.

139 5. That portion of the ad valorem school taxes paid or
140 incurred for the taxable year which is equal to the amount of
141 the credit allowable for the taxable year under s. 220.182. This
142 subparagraph shall expire on the date specified in s. 290.016
143 for the expiration of the Florida Enterprise Zone Act.

144 6. The amount taken as a credit under s. 220.195 which is
145 deductible from gross income in the computation of taxable
146 income for the taxable year.

147 7. That portion of assessments to fund a guaranty
148 association incurred for the taxable year which is equal to the
149 amount of the credit allowable for the taxable year.

150 8. In the case of a nonprofit corporation which holds a

151 pari-mutuel permit and which is exempt from federal income tax
152 as a farmers' cooperative, an amount equal to the excess of the
153 gross income attributable to the pari-mutuel operations over the
154 attributable expenses for the taxable year.

155 9. The amount taken as a credit for the taxable year under
156 s. 220.1895.

157 10. Up to nine percent of the eligible basis of any
158 designated project which is equal to the credit allowable for
159 the taxable year under s. 220.185.

160 11. The amount taken as a credit for the taxable year
161 under s. 220.1875. The addition in this subparagraph is intended
162 to ensure that the same amount is not allowed for the tax
163 purposes of this state as both a deduction from income and a
164 credit against the tax. This addition is not intended to result
165 in adding the same expense back to income more than once.

166 ~~12. The amount taken as a credit for the taxable year~~
167 ~~under s. 220.192.~~

168 12.13. The amount taken as a credit for the taxable year
169 under s. 220.193.

170 ~~13.14.~~ Any portion of a qualified investment, as defined
171 in s. 288.9913, which is claimed as a deduction by the taxpayer
172 and taken as a credit against income tax pursuant to s.
173 288.9916.

174 14.15. The costs to acquire a tax credit pursuant to s.
175 288.1254(5) that are deducted from or otherwise reduce federal

176 taxable income for the taxable year.

177 ~~15.16.~~ The amount taken as a credit for the taxable year
178 pursuant to s. 220.194.

179 16.17. The amount taken as a credit for the taxable year
180 under s. 220.196. The addition in this subparagraph is intended
181 to ensure that the same amount is not allowed for the tax
182 purposes of this state as both a deduction from income and a
183 credit against the tax. The addition is not intended to result
184 in adding the same expense back to income more than once.

185 17. The amount taken as a credit for the taxable year
186 under s. 220.197.

187 Section 4. This act shall take effect July 1, 2020.