

...Carbon credit brokers
(Continued from previous page)

Texas landowners, farmers, ranchers and forest owners are now being contacted by entities hoping to broker deals for this fast-growing carbon credit market.

The subject was the topic of a recent episode of Texas A&M AgriLife Extension’s Ag Law in the Field podcast. In the podcast, Todd Janzen of Janzen Schroeder Agricultural Law firm described carbon credits as “environmental cryptocurrency.”

“Like any cryptocurrency, it’s not really a thing. A Bitcoin doesn’t actually exist, but it represents one unique unit that can be transferred from person to person,” Janzen told podcast host AgriLife Extension Ag Law Specialist Tiffany Lashmet. “Carbon credits are similar in that a farmer undertakes certain practices on their land, and once it’s verified that they’ve done those, it creates a carbon credit that can then be sold to whomever wants to buy these. Then, for example, an Amazon-sized company can say they’re carbon-neutral.”

Companies, businesses and individuals seek to purchase the credits to mitigate their carbon footprint or the carbon dioxide emissions produced by various activities such as manufacturing or frequent use of large aircraft.

Lashmet noted the largely as-yet unregulated carbon exchange market is enticing to many farmers and ranchers hoping to make some additional income. But she cautioned landowners, farmers and

ranchers to think twice and contact a lawyer before entering into any binding agreement.

“This is new territory, and many unknowns exist about the carbon market and these carbon agreements. I highly recommend engaging an attorney to review any carbon contract prior to signing,” she said in an AgriLife Today story.

In the episode of Lashmet’s podcast exploring the carbon exchange market, San Antonio attorney Anson Howard said a carbon storage contract typically involves four entities—the landowner, broker, verifier and purchaser.

Contracts generally specify terms such as the duration, when and how the landowner gets paid and protections for each party in the event complications arise, he noted.

The entrance of the group Grassroots Carbon into the Texas marketplace sparked a wave of interest among Texas ranchers, Howard said.

“They were the first group to come in and sign up Texas regenerative grazers. I think, right now, there are about 65,000 acres enrolled in these carbon storage agreements that are now entering the verification process,” he said. “There’s another group called Ecosystem Market Services Consortium that will be entering the marketplace sometime in 2022. It will be interesting to see with two groups going how much of a continued energy there is for this.”

If farmers or ranchers are interested in finding a broker or

entering a carbon storage agreement, Janzen advised them to begin looking at companies they have existing relationships with. Many crop protection solution and farm data management companies already have or will soon be introducing carbon exchange platforms.

Something to consider before seeking a contract is how much land can be dedicated to the practice, according to Janzen.

“If you don’t have at least 100 acres to dedicate to this, it’s probably not going to be worth your while to sign up because the amount paid per acre just isn’t that much,” he said. “So, it will probably be more trouble than it’s worth if you just have a 10-acre field where you want to implement those practices.”

Another consideration is the length of the contract. Land may change hands over the length of a 10- or 15-year contract, which he said is common among carbon contracts he’s reviewed. Some of them specify the contract will continue even if the land is sold or gifted.

What you should know

Understanding some of the basic concepts related to carbon contracts is an important starting place, Lashmet said.

Each contract will likely have specific definitions of terms, so it is critical for landowners, farmers and ranchers to carefully review the definitions

in any contract before signing.

Terms like additionality, carbon market, carbon practices, carbon credit, carbon emissions, carbon sequestration, permanence, stacking and verification each have a specific meaning within a contract and must be analyzed and understood.

Lashmet recommends farmers, ranchers and landowners considering a carbon agreement be absolutely sure they understand the document they’re signing.

“The most important advice I can offer is to carefully read the entire contract,” she said.

Resources

To find a reputable lawyer with agricultural experience, people may find the American Agricultural Law Association helpful. Another resource is the state bar association.

More information on carbon markets is available on Texas Farm Bureau’s Climate Issue Resources page at texasfarmbureau.org/climate.

On This Day
in Texas History
March 11, 1890

On this day in 1890, future Texas governor and U.S. senator W. Lee (Pappy) O’Daniel was born in Malta, Ohio. He came to Texas in 1925 as sales manager of the Burrus Mill and Elevator Company in Fort Worth, manufacturer of Light

Crust Flour. He took over the company’s radio advertising in 1928 and hired and named the Light Crust Doughboys, the influential western swing band that featured Bob Wills and Milton Brown. O’Daniel organized his own flour company in 1935 and filed for governor in 1938. Accompanied by his band, the Hillbilly Boys, he attracted huge audiences, especially in rural areas. He won the 1938 election and was reelected in 1940. In a special U.S. Senate election in 1941, he edged Lyndon Johnson in a flurry of controversial late returns. In a desperate reelection fight the next year, O’Daniel charged that the professional politicians, the politically controlled newspapers, and the “communistic labor leader racketeers” were conspiring against him, but he hung on to enough rural and elderly voters to eke out a win. O’Daniel was ineffective in the Senate, however, and by 1948, with public opinion polls giving him only 7 percent support, he announced that he would not run again since there was only slight hope of saving America from the communists. He bought a ranch near Fort Worth, invested in Dallas real estate, and founded an insurance company. He attempted comebacks in the Democratic gubernatorial primaries of 1956 and 1958, but failed to make the runoff on both occasions. O’Daniel died in Dallas in 1969.

Water Weekly

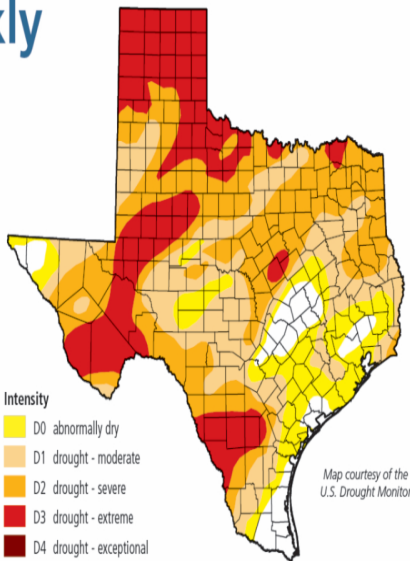
For the week of 03/07/22

Water conditions

The latest drought map for conditions as of March 1 shows that 81 percent of the state is impacted by drought, which is the largest extent of drought this time of year since 2012 when drought levels were at 87 percent. Drought was even more widespread in early March 2006, covering 97 percent of the state.

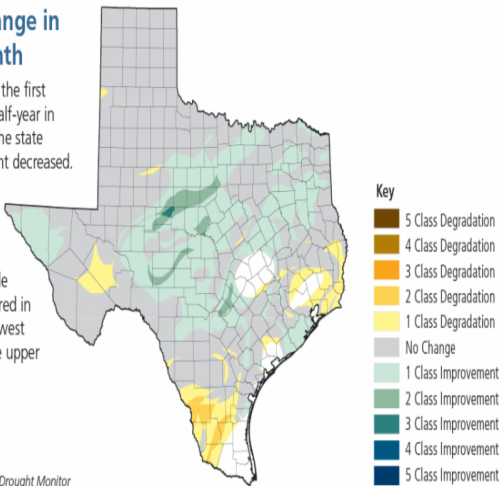
Drought conditions

- 81% now
- 79% a week ago
- 49% three months ago
- 54% a year ago



Drought change in the last month

February 2022 was the first month in the last half-year in which the area of the state impacted by drought decreased. Areas of central, northeast, and west Texas experienced improvements, while degradations occurred in parts of south and west Texas and along the upper coast.



Written by Dr. Mark Wentzel — Dr. Mark Wentzel is a hydrologist in the TWDB’s Office of Water Science and Conservation.

PUBLIC NOTICE

Brief Explanatory Statements of Proposed Constitutional Amendments Special Election, May 7, 2022

Proposition Number 1
(SJR 2)

SJR 2 proposes a constitutional amendment authorizing the legislature to provide for the reduction of the amount of a limitation on the total amount of property taxes that may be imposed for general elementary and secondary public school purposes on the residence homestead of a person who is elderly or disabled in order to reflect any statutory reduction in the maximum compressed rate of the maintenance and operations taxes imposed for those purposes on the person’s homestead from the preceding tax year.

The proposed amendment will appear on the ballot as follows: **“The constitutional amendment authorizing the legislature to provide for the reduction of the amount of a limitation on the total amount of ad valorem taxes that may be imposed for general elementary and secondary public school purposes on the residence homestead of a person who is elderly or disabled to reflect any statutory reduction from the preceding tax year in the maximum compressed rate of the maintenance and operations taxes imposed for those purposes on the homestead.”**

Proposition Number 2
(SJR 2)

SJR 2 proposes a constitutional amendment increasing the amount of the residence homestead exemption from property taxes for public school purposes from \$25,000 to \$40,000.

The proposed amendment will appear on the ballot as follows: **“The constitutional amendment increasing the amount of the residence homestead exemption from ad valorem taxation for public school purposes from \$25,000 to \$40,000.”**