

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6880

BILL NUMBER: SB 265

NOTE PREPARED: Jan 31, 2022

BILL AMENDED: Jan 31, 2022

SUBJECT: Carbon Sequestration Pilot Project.

FIRST AUTHOR: Sen. Ford Jon

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) The bill changes the description of the carbon sequestration pilot project that is authorized under current law. It eliminates the requirement that the operator of the carbon sequestration pilot project be designated by the director of the Department of Natural Resources (DNR).

The bill defines "carbon sequestration claim" as a civil action alleging actual or potential infringement of, interference with, or damage to real or personal property rights or interests arising from: (1) the operation of the carbon sequestration pilot project; or (2) the actual or potential presence or migration in the subsurface of injectate from the carbon sequestration pilot project. It provides that a person may not maintain a carbon sequestration claim unless the person pleads and proves: (1) actual interference with the reasonable use of the person's property; or (2) direct physical injury to a person, an animal, or tangible property. It provides that recovery by a public utility for any effect of the carbon dioxide pilot project on the sources of the public water supply used by the public utility is not prohibited or limited.

Effective Date: July 1, 2022.

Explanation of State Expenditures: (Revised) Current law allows Indiana to obtain ownership of the underground strata and formations of the carbon sequestration pilot project and the carbon dioxide stored in them, upon the recommendation of the director of DNR and after review by the state Budget Committee, 12 years after injections begin, or when the injections cease if they cease in less than 12 years. The bill limits any potential risk of this ownership by providing that a person asserting a carbon sequestration claim must prove actual interference with the reasonable use of the person's property or direct physical injury to a person, an animal, or tangible property.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) The bill limits future potential litigation and court fee revenue for carbon sequestration claims. It provides that a person asserting a carbon sequestration claim must prove actual interference with the reasonable use of the person's property or direct physical injury to a person, an animal, or tangible property. Any impact on revenue should be minimal.

State Agencies Affected: Department of Natural Resources.

Local Agencies Affected: Vigo County circuit and superior courts.

Information Sources:

Fiscal Analyst: Heather Puletz, 317-234-9484.