

SENATE BILL No. 373

DIGEST OF INTRODUCED BILL

Citations Affected: IC 14-8-2; IC 14-12-2; IC 14-32-8; IC 15-11-16.

Synopsis: Carbon credit programs. Amends the law concerning the President Benjamin Harrison conservation trust program to give the program additional powers relating to the reduction of carbon footprints. Authorizes the program to: (1) receive money from persons wishing to invest in actions that will result in carbon sequestration; (2) deposit the money in an account called the INpact forest carbon account; (3) use money in the account to purchase property that will generate carbon offsets and make grants to land trusts or other entities that will purchase property to generate carbon offsets; and (4) sell or facilitate the sale of carbon offsets. Provides that money in the INpact forest carbon account may be used to pay all costs and expenses associated with the new program functions. Amends the law concerning the clean water Indiana program to create a new account called the INpact farmland carbon account and to give the lieutenant governor powers relating to the reduction of carbon footprints. Authorizes the lieutenant governor to: (1) receive money from persons wishing to invest in actions that will result in carbon sequestration; (2) deposit the money in the INpact farmland carbon account; (3) use money in the account to compensate farmers for carbon farming practices, purchase property interests that will generate carbon offsets, and make grants to land trusts or other not-for-profit entities that will purchase property interests to generate carbon offsets; and (4) sell or facilitate the sale of carbon offsets. Provides that money in the INpact farmland carbon account may be used to pay all costs and expenses associated with the new program functions. Requires the lieutenant governor to establish a program under which persons who
(Continued next page)

Effective: July 1, 2021.

Glick

January 12, 2021, read first time and referred to Committee on Natural Resources.



Digest Continued

satisfy certain requirements may register as technical advisers or verifiers. Defines "technical adviser" as a person who provides technical assistance to farmers and private forest landowners in carrying out climate-friendly farming and forestry practices and "verifier" as a person who verifies the use of climate-friendly farming and forestry practices and the generation of credits through those practices for purposes of greenhouse gas credit markets. Requires a person who registers as a technical adviser or verifier to pay a registration fee to defray the expenses of operating the program. Requires the lieutenant governor to adopt rules establishing standards for the program. Establishes an advisory council to advise the lieutenant governor on the standards for the program. Requires the lieutenant governor to publish a list of persons registered as technical advisers or verifiers under the program on the Internet.



First Regular Session of the 122nd General Assembly (2021)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in *this style type*, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2020 Regular Session of the General Assembly.

SENATE BILL No. 373

A BILL FOR AN ACT to amend the Indiana Code concerning environmental law.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 14-8-2-34.6 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 2021]: **Sec. 34.6. "Carbon farming", for purposes of IC 14-32-8,**
- 4 **has the meaning set forth in IC 14-32-8-0.1.**
- 5 SECTION 2. IC 14-8-2-34.7 IS ADDED TO THE INDIANA CODE
- 6 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 7 1, 2021]: **Sec. 34.7. "Carbon offset", for purposes of IC 14-32-8, has**
- 8 **the meaning set forth in IC 14-32-8-0.3.**
- 9 SECTION 3. IC 14-8-2-34.8 IS ADDED TO THE INDIANA CODE
- 10 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 11 1, 2021]: **Sec. 34.8. "Carbon sequestration", for purposes of**
- 12 **IC 14-32-8, has the meaning set forth in IC 14-32-8-0.5.**
- 13 SECTION 4. IC 14-8-2-53.2 IS ADDED TO THE INDIANA CODE
- 14 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 15 1, 2021]: **Sec. 53.2. "Conservation project", for purposes of**



1 **IC 14-12-2, has the meaning set forth in IC 14-12-2-1.6.**

2 SECTION 5. IC 14-8-2-217 IS REPEALED [EFFECTIVE JULY 1,
3 2021]. ~~Sec. 217. "Project", for purposes of IC 14-12-2, has the meaning~~
4 ~~set forth in IC 14-12-2-4.~~

5 SECTION 6. IC 14-8-2-219.3 IS ADDED TO THE INDIANA
6 CODE AS A NEW SECTION TO READ AS FOLLOWS
7 [EFFECTIVE JULY 1, 2021]: **Sec. 219.3. "Property interest", for**
8 **purposes of IC 14-32-8, has the meaning set forth in IC 14-32-8-3.5.**

9 SECTION 7. IC 14-12-2-1, AS AMENDED BY P.L.172-2016,
10 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2021]: Sec. 1. (a) The ~~purpose~~ **purposes** of the President
12 Benjamin Harrison conservation trust program and this chapter ~~is~~ **are:**

13 **(1)** to ensure that Indiana's rich natural heritage is preserved or
14 enhanced for succeeding generations by acquiring real property
15 or an interest in real property that:

16 ~~(1)~~ **(A)** is an example of outstanding natural features and
17 habitats;

18 ~~(2)~~ **(B)** has historical and archeological significance; or

19 ~~(3)~~ **(C)** provides areas for conservation, recreation, and the
20 restoration of native biological diversity; **and**

21 **(2) to facilitate:**

22 **(A) actions by private parties that will result in carbon**
23 **sequestration; and**

24 **(B) the investment of private funds in property located in**
25 **Indiana to achieve the results described in clause (A).**

26 (b) The President Benjamin Harrison conservation trust program, on
27 behalf of the state or in collaboration with partners and local
28 communities across Indiana, shall acquire real property for new and
29 existing state and local parks, archeological and historic sites, state
30 forests, state and local nature preserves, state fish and wildlife areas,
31 wetlands, local conservation areas, trails, and river corridors **for the**
32 **purpose set forth in subsection (a)(1).**

33 **(c) The program established and operated under this chapter**
34 **may also do the following for the purpose set forth in subsection**
35 **(a)(2):**

36 **(1) Receive money from persons that wish to invest in actions**
37 **that will result in carbon sequestration or reduction in the**
38 **emission of carbon dioxide or other greenhouse gases.**

39 **(2) Receive donations of money or property for the purpose**
40 **set forth in subsection (a)(2).**

41 **(3) Deposit money received under subdivisions (1) and (2) in**
42 **an account of the fund referred to in this chapter as the**



1 "INpact forest carbon account", which shall be established
 2 and used exclusively for the purpose set forth in subsection
 3 (a)(2).

4 (4) Use money in the INpact forest carbon account to:

5 (A) purchase property that will generate carbon offsets;
 6 and

7 (B) make grants to land trusts or other nonprofit entities
 8 that will purchase property or take other actions that will
 9 generate carbon offsets.

10 (5) Sell or facilitate the sale of carbon offsets.

11 (6) Deposit in the INpact forest carbon account the state
 12 revenue from the sale of carbon offsets sold under subdivision
 13 (5).

14 (7) Take action to ensure that the carbon offsets generated
 15 under this subsection are attributed to the persons that:

16 (A) submit money under subdivision (1);

17 (B) donate money or property under subdivision (2); or

18 (C) purchase carbon offsets under subdivision (5).

19 SECTION 8. IC 14-12-2-1.2 IS ADDED TO THE INDIANA CODE
 20 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 21 1, 2021]: Sec. 1.2. (a) As used in this chapter, "carbon offset"
 22 means the environmental benefit derived from forestry or other
 23 land management practices that result in:

24 (1) carbon sequestration; or

25 (2) a reduction in the emission of carbon dioxide or other
 26 greenhouse gases.

27 (b) The term includes the following:

28 (1) Carbon credits that are measured through a standard such
 29 as the Verified Carbon Standard of the Verra organization
 30 and verified by a third party verifier.

31 (2) Expectations of future carbon sequestration or reductions
 32 in greenhouse gas emissions that are generally recognized by
 33 greenhouse gas credit markets, such as the purchase of carbon
 34 credits to be received in the future when the credits are
 35 generated and the purchase of carbon rights, pending
 36 issuance units, or forecasted mitigation units.

37 SECTION 9. IC 14-12-2-1.4 IS ADDED TO THE INDIANA CODE
 38 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 39 1, 2021]: Sec. 1.4. (a) As used in this chapter, "carbon
 40 sequestration" means the process of:

41 (1) capture, through photosynthesis; and

42 (2) long term storage;



1 of atmospheric carbon dioxide in vegetation and soil.

2 (b) The term includes:

- 3 (1) the taking up of atmospheric carbon in trees through
4 photosynthesis and the storage of the carbon in the trunk,
5 branches, foliage, and roots of the trees; and
6 (2) the transfer of carbon fixed in plants into the soil as root
7 exudates and the storage of carbon in the soil as soil organic
8 matter.

9 SECTION 10. IC 14-12-2-1.6 IS ADDED TO THE INDIANA
10 CODE AS A NEW SECTION TO READ AS FOLLOWS
11 [EFFECTIVE JULY 1, 2021]: Sec. 1.6. As used in this chapter,
12 "conservation project" means an undertaking that:

- 13 (1) furthers the purpose set forth in section 1(a) of this
14 chapter;
15 (2) involves the acquisition of property for new and existing
16 state and local parks, state historic or archeological sites, state
17 forests, state and local nature preserves, fish and wildlife
18 areas, wetlands, local conservation areas, trails, or river
19 corridors; and
20 (3) is eligible to receive an expenditure from the fund.

21 SECTION 11. IC 14-12-2-4 IS REPEALED [EFFECTIVE JULY 1,
22 2021]. Sec. 4. As used in this chapter, "project" means an undertaking
23 that:

- 24 (1) furthers the purposes of this chapter;
25 (2) involves the acquisition of property for new and existing state
26 and local parks, state historic or archeological sites, state forests,
27 state and local nature preserves, fish and wildlife areas, wetlands,
28 local conservation areas, trails, or river corridors; and
29 (3) is eligible to receive an expenditure from the fund.

30 SECTION 12. IC 14-12-2-6 IS AMENDED TO READ AS
31 FOLLOWS [EFFECTIVE JULY 1, 2021]: Sec. 6. As used in this
32 chapter, "property" means an interest in real property. The term
33 includes the following:

- 34 (1) Ownership in fee simple.
35 (2) Conservation easements.
36 (3) Leaseholds.
37 (4) Management rights.
38 (5) Another legally enforceable interest ensuring that land
39 located in Indiana will be:
40 (A) used; or
41 (B) preserved in its natural condition;
42 so as to generate carbon offsets.



1 SECTION 13. IC 14-12-2-19, AS AMENDED BY P.L.172-2016,
 2 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2021]: Sec. 19. The purpose of the project committee is to do
 4 the following:

- 5 (1) Provide technical review of proposed **conservation** projects
 6 under this chapter.
- 7 (2) Determine whether a proposed **conservation** project under
 8 this chapter should be approved.
- 9 (3) Develop and periodically review guidelines for the review
 10 process.
- 11 (4) Perform other duties imposed upon the project committee by
 12 this chapter.

13 SECTION 14. IC 14-12-2-21, AS AMENDED BY P.L.172-2016,
 14 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2021]: Sec. 21. (a) The following procedure must be followed
 16 before money from the fund may be used to acquire property for a
 17 **conservation** project under this chapter:

- 18 (1) The project committee must review and approve a
 19 **conservation** project requiring the acquisition of the property.
- 20 (2) The project committee must recommend the **conservation**
 21 project to the governor for approval.
- 22 (3) The governor must approve the **conservation** project as
 23 recommended by the project committee and inform the director
 24 of the department of the governor's approval.

25 (b) When the procedure under subsection (a) is completed, the
 26 department shall acquire the property subject to the **conservation**
 27 project according to Indiana law.

28 SECTION 15. IC 14-12-2-22 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JULY 1, 2021]: Sec. 22. Property acquired
 30 by the state under this chapter **for a conservation project** may be
 31 managed by any of the following:

- 32 (1) The department.
- 33 (2) A person with whom the department enters into a management
 34 agreement under rules adopted under section 34 of this chapter.

35 SECTION 16. IC 14-12-2-24, AS AMENDED BY P.L.172-2016,
 36 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2021]: Sec. 24. The project committee shall, with the
 38 assistance of the department, adopt and make available to the public a
 39 strategic plan to implement the ~~purposes~~ **purpose set forth in section**
 40 **1(a)** of this chapter.

41 SECTION 17. IC 14-12-2-25, AS AMENDED BY P.L.198-2016,
 42 SECTION 637, IS AMENDED TO READ AS FOLLOWS



1 [EFFECTIVE JULY 1, 2021]: Sec. 25. (a) The President Benjamin
 2 Harrison conservation trust fund is established for the ~~purpose of~~
 3 ~~purchasing property as provided in purposes set forth in section 1(a)~~
 4 ~~and 1(b) of this chapter.~~

5 (b) The fund, **except for the INpact forest carbon account,**
 6 consists of the following:

- 7 (1) Appropriations made by the general assembly.
- 8 (2) Interest as provided in subsection (e).
- 9 (3) Fees from environmental license plates issued under
 10 IC 9-18-29 (before its expiration) or IC 9-18.5-13.
- 11 (4) Money donated to the fund.
- 12 (5) Money transferred to the fund from other funds.

13 (c) The department shall administer the fund. The director must
 14 approve any purchase of property using money from the fund.

15 (d) The expenses of administering the fund and this chapter shall be
 16 paid from the fund.

17 (e) The treasurer of state shall invest the money in the fund not
 18 currently needed to meet the obligations of the fund in the same
 19 manner as other public trust funds are invested. Interest that accrues
 20 from these investments shall be deposited in the fund.

21 (f) An appropriation made by the general assembly to the fund shall
 22 be allotted and allocated at the beginning of the fiscal period for which
 23 the appropriation was made.

24 (g) Money in the fund at the end of a state fiscal year does not revert
 25 to the state general fund or any other fund.

26 (h) Subject to this chapter, there is annually appropriated to the
 27 department all money in the fund for the purposes of this chapter.

28 SECTION 18. IC 14-12-2-26, AS AMENDED BY P.L.172-2016,
 29 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2021]: Sec. 26. (a) The following accounts are established
 31 within the fund **for the purpose set forth in section 1(a) of this**
 32 **chapter:**

- 33 (1) The state parks account. Money in this account may be used
 34 only to purchase property for state park, historic site, or
 35 archeological site purposes.
- 36 (2) The state forests account. Money in this account may be used
 37 only to purchase property for state forest purposes.
- 38 (3) The nature preserves account. Money in this account may be
 39 used only to purchase property for nature preserve purposes.
- 40 (4) The fish and wildlife account. Money in this account may be
 41 used only to purchase property for fish or wildlife management
 42 purposes.



- 1 (5) The outdoor recreation and trails account. Money in this
 2 account may be used only to purchase property for outdoor
 3 recreation purposes.
- 4 (6) The stewardship account. Money in this account may be used
 5 only for the following purposes:
- 6 (A) Maintenance of property acquired under this chapter.
 7 (B) Costs of removal of structures, debris, and other property
 8 that is unsuitable for the intended use of the property to be
 9 acquired.
- 10 (C) Costs of site preparation related to any of the following:
 11 (i) The public use of the property, such as fences, rest
 12 rooms, public ways, trails, and signs.
 13 (ii) Protecting or preserving the property's natural
 14 environment.
 15 (iii) Returning the property to the property's natural state.
- 16 (D) Not more than ten percent (10%) of the money in the
 17 account for the promotion of the purposes of the President
 18 Benjamin Harrison conservation trust program.
- 19 (E) To monitor conservation easements acquired under this
 20 chapter.
- 21 (7) The discretionary account. Subject to section 31.5 of this
 22 chapter, money in this account may be used for any purpose for
 23 which the accounts listed in subdivisions (1) through (6) may be
 24 used.
- 25 (b) Money in the accounts of the trust fund **other than the INpact**
 26 **forest carbon account** may be used as described in subsection (a) and
 27 section 31.5 of this chapter for a state or local **conservation** project
 28 approved by the project committee.
- 29 SECTION 19. IC 14-12-2-27, AS AMENDED BY P.L.172-2016,
 30 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2021]: Sec. 27. **(a) This section does not apply to the INpact**
 32 **forest carbon account of the fund or money appropriated to the**
 33 **INpact forest carbon account.**
- 34 **(b)** Nine percent (9%) of the money appropriated to the fund must
 35 be allotted to the stewardship account established by section 26(a)(6)
 36 of this chapter.
- 37 SECTION 20. IC 14-12-2-28, AS AMENDED BY P.L.172-2016,
 38 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2021]: Sec. 28. **(a) This section does not apply to the INpact**
 40 **forest carbon account of the fund.**
- 41 **(b)** After the allotment required under section 27 of this chapter has
 42 been made, the following allotments shall be made:



1 (1) Ten percent (10%) of the balance shall be allotted to each
2 account listed in section 26(a)(1) through 26(a)(5) of this chapter.

3 (2) Fifty percent (50%) of the balance shall be allotted to the
4 account listed in section 26(a)(7) of this chapter.

5 SECTION 21. IC 14-12-2-29 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 2021]: Sec. 29. The balance in:

7 **(1) the INpact forest carbon account of the fund; or**

8 **(2) an account listed in section 26 of this chapter;**

9 on June 30 of a year does not revert to the fund on the following July
10 1.

11 SECTION 22. IC 14-12-2-30, AS AMENDED BY P.L.172-2016,
12 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 JULY 1, 2021]: Sec. 30. (a) Money in the accounts of the fund, other
14 than the stewardship account, may be used for the following:

15 (1) Acquisition costs, such as costs of surveying, title insurance,
16 and other activities associated with the transfer of title to property.

17 (2) Costs of services and expenses related to acquisition, such as
18 engineering, appraisal, environmental, accounting, project
19 development, and legal services and expenses.

20 (b) Money in the fund may not be used for the following:

21 (1) The costs of construction of structures other than those
22 authorized under section 26(a)(6) of this chapter.

23 (2) The costs of removal (as defined in IC 13-11-2-187) and
24 remedial action (as defined in IC 13-11-2-185) relating to
25 hazardous substances (as defined in IC 13-11-2-98).

26 (3) The costs of wastewater treatment.

27 **(c) Money in the INpact forest carbon account of the fund, in**
28 **addition to being used for the purposes set forth in subsection (a),**
29 **may be used for all costs and expenses associated with actions**
30 **taken under this chapter for the purpose set forth in section 1(b) of**
31 **this chapter, including:**

32 **(1) the purchase of property;**

33 **(2) the payment of compensation to owners of land located in**
34 **Indiana on which actions are taken to generate carbon offsets;**

35 **(3) expenses associated with the measurement, verification,**
36 **recognition, and attribution of carbon credits and other**
37 **carbon offsets; and**

38 **(4) all administrative and personnel expenses.**

39 SECTION 23. IC 14-12-2-31.5, AS ADDED BY P.L.172-2016,
40 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
41 JULY 1, 2021]: Sec. 31.5. (a) Money from the discretionary account
42 may not be used to acquire property for an approved **conservation**



1 project unless the approved **conservation** project receives endorsement
2 and participation from:

- 3 (1) a department division associated with the accounts listed in
4 section 26(a)(1) through 26(a)(5) of this chapter; and
5 (2) nonstate sources or the foundation.

6 (b) Expenditures from the discretionary account may not exceed
7 one-half (1/2) of the value of a property acquired under this chapter
8 unless:

- 9 (1) the approved **conservation** project advances multiple
10 conservation objectives; and
11 (2) at least two (2) of the department divisions associated with the
12 accounts listed in section 26(a)(1) through 26(a)(5) of this chapter
13 have endorsed and are participating in the approved **conservation**
14 project.

15 (c) If an approved **conservation** project satisfies the requirements
16 of subsection (b)(1) and (b)(2), the applicant may request that up to
17 two-thirds (2/3) of the value of the acquired property be paid from the
18 discretionary account.

19 SECTION 24. IC 14-12-2-32 IS AMENDED TO READ AS
20 FOLLOWS [EFFECTIVE JULY 1, 2021]: Sec. 32. Expenditures from
21 the fund **for conservation projects** shall be coordinated with
22 expenditures by the foundation from the Indiana natural resources fund
23 established by IC 14-12-1-11.

24 SECTION 25. IC 14-32-8-0.1 IS ADDED TO THE INDIANA
25 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
26 [EFFECTIVE JULY 1, 2021]: **Sec. 0.1. (a) As used in this chapter,**
27 **"carbon farming" means the use of agricultural practices that:**

- 28 (1) **increase the net annual rate at which carbon dioxide is**
29 **removed from the atmosphere;**
30 (2) **reduce greenhouse gas emissions; or**
31 (3) **increase carbon sequestration;**
32 **more effectively than traditional agricultural practices.**

33 (b) **The term includes the following practices identified in the**
34 **greenhouse gas and carbon sequestration ranking tool of the**
35 **United States Department of Agriculture's Natural Resources**
36 **Conservation Service:**

- 37 (1) **Using anaerobic digesters to reduce methane emissions**
38 **and provide energy.**
39 (2) **Using trees and shrubs as an overstory to crops to increase**
40 **net carbon storage in woody biomass and soils and provide a**
41 **source of renewable fuel and feedstock.**
42 (3) **Planting trees and shrubs along with forage crops on**



- 1 pasture land to increase biomass carbon stocks and enhance
- 2 soil carbon.
- 3 (4) Planting deep rooted perennial forage plants to sequester
- 4 carbon.
- 5 (5) More precisely managing the amount, source, timing,
- 6 placement, and form of nutrient and soil amendments that
- 7 ensure ample nitrogen availability to avoid excess nitrogen
- 8 application and minimize nitrous oxide emissions from soil.
- 9 (6) Employing diet and feed management strategies to
- 10 minimize enteric methane emissions from ruminants.

11 SECTION 26. IC 14-32-8-0.3 IS ADDED TO THE INDIANA
 12 CODE AS A NEW SECTION TO READ AS FOLLOWS
 13 [EFFECTIVE JULY 1, 2021]: **Sec. 0.3. (a) As used in this chapter,**
 14 **"carbon offset" means the environmental benefit derived from**
 15 **forestry or other land management practices that result in:**

- 16 (1) carbon sequestration; or
- 17 (2) a reduction in the emission of carbon dioxide or other
- 18 greenhouse gases.

19 (b) The term includes the following:

- 20 (1) Carbon credits that are measured through a standard such
- 21 as the Verified Carbon Standard of the Verra organization
- 22 and verified by a third party verifier.
- 23 (2) Expectations of future carbon sequestration or reductions
- 24 in greenhouse gas emissions that are generally recognized by
- 25 greenhouse gas credit markets, such as the purchase of carbon
- 26 credits to be received in the future when the credits are
- 27 generated and the purchase of carbon rights, pending
- 28 issuance units, or forecasted mitigation units.

29 SECTION 27. IC 14-32-8-0.5 IS ADDED TO THE INDIANA
 30 CODE AS A NEW SECTION TO READ AS FOLLOWS
 31 [EFFECTIVE JULY 1, 2021]: **Sec. 0.5. (a) As used in this chapter,**
 32 **"carbon sequestration" means the process of:**

- 33 (1) capture, through photosynthesis; and
- 34 (2) long term storage;
- 35 of atmospheric carbon dioxide in vegetation and soil.

36 (b) The term includes:

- 37 (1) the taking up of atmospheric carbon in trees through
- 38 photosynthesis and the storage of the carbon in the trunk,
- 39 branches, foliage, and roots of the trees; and
- 40 (2) the transfer of carbon fixed in plants into the soil as root
- 41 exudates and the storage of carbon in the soil as soil organic
- 42 matter.



1 SECTION 28. IC 14-32-8-3.5 IS ADDED TO THE INDIANA
 2 CODE AS A NEW SECTION TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2021]: **Sec. 3.5. As used in this chapter,**
 4 **"property interest" means a legal interest in property. The term**
 5 **includes:**

6 (1) **Conservation easements.**

7 (2) **Leaseholds.**

8 (3) **Management rights.**

9 SECTION 29. IC 14-32-8-4, AS AMENDED BY P.L.2-2008,
 10 SECTION 36, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2021]: **Sec. 4. (a)** The clean water Indiana program is
 12 established.

13 (b) The division of soil conservation established within the
 14 department of agriculture by IC 15-11-4-1 shall administer the program
 15 **for the purpose set forth in section 5(1) of this chapter**, subject to
 16 the direction of the board.

17 (c) **The lieutenant governor, as secretary of agriculture and**
 18 **rural development as provided in IC 4-4-2.3, shall administer the**
 19 **program for the purpose set forth in section 5(2) of this chapter.**

20 SECTION 30. IC 14-32-8-5, AS AMENDED BY P.L.175-2006,
 21 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 JULY 1, 2021]: **Sec. 5. The purpose purposes of the program is are:**

23 (1) to provide financial assistance to:

24 (†) (A) soil and water conservation districts;

25 (‡) (B) land occupiers; and

26 (‡) (C) conservation groups;

27 to implement conservation practices to reduce nonpoint sources
 28 of water pollution through education, technical assistance,
 29 training, and cost sharing programs; **and**

30 (2) to facilitate:

31 (A) **actions by private parties that will result in carbon**
 32 **sequestration; and**

33 (B) **the investment of private funds in property located in**
 34 **Indiana to achieve the results described in clause (A).**

35 SECTION 31. IC 14-32-8-5.5 IS ADDED TO THE INDIANA
 36 CODE AS A NEW SECTION TO READ AS FOLLOWS
 37 [EFFECTIVE JULY 1, 2021]: **Sec. 5.5. (a) There is established**
 38 **within the fund an INpact farmland carbon account.**

39 (b) **The lieutenant governor may do the following for the**
 40 **purpose set forth in section 5(2) of this chapter:**

41 (1) **Receive money from persons that wish to invest in actions**
 42 **that will result in carbon sequestration or reduction in the**



- 1 **emission of carbon dioxide or other greenhouse gases.**
 2 **(2) Receive donations of money or property for the purpose**
 3 **set forth in section 5(2) of this chapter.**
 4 **(3) Deposit money received under subdivisions (1) and (2) in**
 5 **the INpact farmland carbon account.**
 6 **(4) Use money in the INpact farmland carbon account to:**
 7 **(A) purchase property interests that will generate carbon**
 8 **offsets; and**
 9 **(B) make grants to land trusts or other not-for-profit**
 10 **entities that will purchase property interests or take other**
 11 **actions that will generate carbon offsets.**
 12 **(5) Sell or facilitate the sale of carbon offsets generated under**
 13 **this subsection.**
 14 **(6) Deposit in the INpact farmland carbon account the state**
 15 **revenue from the sale of carbon offsets sold under subdivision**
 16 **(5).**
 17 **(7) Take action to ensure that the carbon offsets generated**
 18 **under this subsection are attributed to the persons that:**
 19 **(A) submit money under subdivision (1);**
 20 **(B) donate money or property under subdivision (2); or**
 21 **(C) purchase carbon offsets under subdivision (5).**

22 SECTION 32. IC 14-32-8-6, AS AMENDED BY P.L.24-2009,
 23 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2021]: Sec. 6. (a) The clean water Indiana fund is established
 25 to carry out the purposes **set forth in section 5(1) and 5(2)** of this
 26 chapter. The fund shall be administered by the division of soil
 27 conservation subject to the direction of the board.

28 (b) The fund, **except for the INpact farmland carbon account**,
 29 consists of:

- 30 (1) amounts deposited in the fund under IC 6-7-1-29.3;
 31 (2) amounts appropriated by the general assembly; and
 32 (3) donations, grants, and money received from any other source.

33 (c) The expenses of administering the fund shall be paid from
 34 money in the fund.

35 (d) Money in the fund at the end of a state fiscal year does not revert
 36 to the state general fund or any other fund but remains in the fund to be
 37 used for the purposes of the fund.

38 SECTION 33. IC 14-32-8-7, AS AMENDED BY P.L.129-2011,
 39 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 40 JULY 1, 2021]: Sec. 7. **(a) Money in the fund, except for money in the**
 41 **INpact farmland carbon account**, may be spent in the following
 42 ways:



- 1 (1) To increase district technical assistance in local conservation
2 efforts.
- 3 (2) To develop an environmental stewardship program to assist
4 land occupiers in complying with environmental regulations
5 voluntarily.
- 6 (3) To qualify for federal matching funds.
- 7 (4) To provide for the following cost sharing programs:
8 (A) A program to encourage land occupiers to implement
9 conservation practices to reduce nutrient, pesticide, and
10 sediment runoff.
- 11 (B) Programs that encourage land occupiers to implement
12 nutrient management programs by sharing the cost of any of
13 the following:
14 (i) Fencing for intensive grazing systems.
15 (ii) Purchasing nutrient management equipment.
16 (iii) Voluntary environmental audits.
17 (iv) Other similar expenditures related to nutrient
18 management.
- 19 (5) To provide matching grants to districts for the following:
20 (A) Professional watershed coordinators to facilitate and
21 administer local watershed protection projects.
22 (B) District managers to administer district conservation
23 policies and programs.
- 24 (6) To increase state technical and capacity building assistance to
25 districts and local conservation efforts by providing for the
26 following:
27 (A) Capacity building specialists to train district personnel in
28 grant writing, grant administration, and leadership
29 development.
30 (B) Conservation education specialists to help implement
31 district conservation education efforts.
32 (C) Urban storm water specialists to provide technical
33 assistance to developers to contain soil erosion on construction
34 sites.
- 35 (7) To make distributions as provided under section 8 of this
36 chapter.
- 37 (8) Implementation of geographic information systems (GIS) or
38 similar technology.
- 39 **(b) Money in the INpact farmland carbon account of the fund**
40 **may be used to pay all costs and expenses associated with actions**
41 **taken under this chapter for the purpose set forth in section 5(2) of**
42 **this chapter, including:**



- 1 **(1) the purchase of property interests;**
- 2 **(2) the payment of compensation to owners of land located in**
- 3 **Indiana for carbon farming and other actions taken on the**
- 4 **land to generate carbon offsets;**
- 5 **(3) expenses associated with the measurement, verification,**
- 6 **recognition, and attribution of carbon credits and other**
- 7 **carbon offsets; and**
- 8 **(4) all administrative and personnel expenses.**

9 SECTION 34. IC 14-32-8-8, AS AMENDED BY P.L.95-2016,
 10 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2021]: Sec. 8. (a) In addition to funds provided to a district
 12 under section ~~7~~ **7(a)** of this chapter or from any other source, the
 13 division of soil conservation shall pay to the district one dollar (\$1) for
 14 every one dollar (\$1) the district receives:

- 15 (1) from a political subdivision; or
- 16 (2) if a district receives no funding from a political subdivision,
 17 from any other funding source.

18 The board shall consider funds received from a source referred to in
 19 subdivision (2) as qualifying for matching payments under this
 20 subsection.

21 (b) Except as provided in section 8.2 of this chapter, the state is not
 22 obligated to match more than ten thousand dollars (\$10,000) under this
 23 section.

24 (c) In order to receive funding under this section each year, a district
 25 must certify to the division of soil conservation the amount of money
 26 the district received from all sources described in subsection (a)(1) or
 27 (a)(2) during the one (1) year period beginning January 1 of the
 28 previous year. The information prepared under this subsection must be
 29 part of the annual financial statement prepared and provided to the
 30 board under IC 14-32-4-22. The division of soil conservation shall
 31 make distributions under this section not later than July 15 of each
 32 year.

33 (d) Before making distributions under this section, the division of
 34 soil conservation shall determine the total amount of money that has
 35 been certified by all districts as having been provided by sources
 36 described in subsection (a)(1) or (a)(2). If the cumulative amount to be
 37 distributed to all districts exceeds the amount appropriated to the fund,
 38 the division of soil conservation shall reduce the distribution to each
 39 district proportionately.

40 (e) A district must spend money received under this section for the
 41 purposes of the district.

42 SECTION 35. IC 14-32-8-9 IS AMENDED TO READ AS



1 FOLLOWS [EFFECTIVE JULY 1, 2021]: Sec. 9. The districts shall
 2 coordinate with the division of soil conservation to compile and
 3 provide a report to the executive director of the legislative services
 4 agency each year a report concerning actions taken for the purpose
 5 set forth in section 5(1) of this chapter. The report must be in an
 6 electronic format under IC 5-14-6 and must describe:

- 7 (1) the expenditures of the clean water Indiana fund; and
- 8 (2) the number, type, status, and effectiveness of conservation
 9 efforts funded by the clean water Indiana program.

10 SECTION 36. IC 15-11-16 IS ADDED TO THE INDIANA CODE
 11 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2021]:

13 **Chapter 16. Climate-Friendly Farming and Forestry**
 14 **Registration Program**

15 **Sec. 1. As used in this chapter, "advisory council" refers to the**
 16 **advisory council on climate-friendly farming and forestry practices**
 17 **established by section 12 of this chapter.**

18 **Sec. 2. (a) As used in this chapter, "carbon farming" means the**
 19 **use of agricultural practices that:**

- 20 (1) increase the net annual rate at which carbon dioxide is
 21 removed from the atmosphere;
- 22 (2) reduce greenhouse gas emissions; or
- 23 (3) increase carbon sequestration;

24 **more effectively than traditional agricultural practices.**

25 **(b) The term includes the following practices identified in the**
 26 **greenhouse gas and carbon sequestration ranking tool of the**
 27 **United States Department of Agriculture's Natural Resources**
 28 **Conservation Service:**

- 29 (1) Using anaerobic digesters to reduce methane emissions
 30 and provide energy.
- 31 (2) Using trees and shrubs as an overstory to crops to increase
 32 net carbon storage in woody biomass and soils and provide a
 33 source of renewable fuel and feedstock.
- 34 (3) Planting trees and shrubs along with forage crops on
 35 pasture land to increase biomass carbon stocks and enhance
 36 soil carbon.
- 37 (4) Planting deep rooted perennial forage plants to sequester
 38 carbon.
- 39 (5) More precisely managing the amount, source, timing,
 40 placement, and form of nutrient and soil amendments that
 41 ensure ample nitrogen availability to avoid excess nitrogen
 42 application and minimize nitrous oxide emissions from soil.



- 1 **(6) Employing diet and feed management strategies to**
 2 **minimize enteric methane emissions from ruminants.**
- 3 **Sec. 3. (a) As used in this chapter, "carbon sequestration"**
 4 **means the process of:**
- 5 **(1) capture, through photosynthesis; and**
 6 **(2) long term storage;**
 7 **of atmospheric carbon dioxide in vegetation and soil.**
- 8 **(b) The term includes:**
- 9 **(1) the taking up of atmospheric carbon in trees through**
 10 **photosynthesis and the storage of the carbon in the trunk,**
 11 **branches, foliage, and roots of the trees; and**
 12 **(2) the transfer of carbon fixed in plants into the soil as root**
 13 **exudates and the storage of carbon in the soil as soil organic**
 14 **matter.**
- 15 **Sec. 4. (a) As used in this chapter, "climate-friendly farming and**
 16 **forestry practices" means farming and forestry practices that are**
 17 **more effective than traditional farming or forestry practices in**
 18 **reducing greenhouse gas emissions or sequestering carbon.**
- 19 **(b) The term includes the following:**
- 20 **(1) Carbon farming.**
 21 **(2) Greenhouse gas emissions reductions derived from fuel**
 22 **choice or reduced fuel use.**
 23 **(3) On farm energy generation, including fuel switching.**
 24 **(4) Energy feedstock production.**
 25 **(5) Reducing greenhouse gas emissions from fertilizer use.**
 26 **(6) Reforestation.**
 27 **(7) Forest management, including improving harvesting**
 28 **practices.**
 29 **(8) Avoidance of the conversion of forests.**
 30 **(9) Grassland management, including prescribed grazing.**
 31 **(10) Other farming and forestry practices that the secretary**
 32 **recognizes as being more effective than traditional farming or**
 33 **forestry practices in reducing greenhouse gas emissions or**
 34 **sequestering carbon.**
- 35 **Sec. 5. As used in this chapter, "greenhouse gas" means any of**
 36 **the following:**
- 37 **(1) Carbon dioxide.**
 38 **(2) Methane.**
 39 **(3) Nitrous oxide.**
 40 **(4) Another gaseous compound that the secretary determines**
 41 **to be capable of absorbing infrared radiation and thereby**
 42 **trapping and holding heat in the earth's atmosphere.**



1 **Sec. 6.** As used in this chapter, "program" refers to the
 2 climate-friendly farming and forestry practices technical assistance
 3 and verification program established under this chapter.

4 **Sec. 7.** As used in this chapter, "secretary" refers to the
 5 lieutenant governor as secretary of agriculture and rural
 6 development as provided in IC 4-4-2.3.

7 **Sec. 8.** As used in this chapter, "technical adviser" means a
 8 person who provides technical assistance to farmers and private
 9 forest landowners in carrying out climate-friendly farming and
 10 forestry practices.

11 **Sec. 9.** As used in this chapter, "verifier" means a person who
 12 verifies:

13 (1) the use of climate-friendly farming and forestry practices;
 14 and

15 (2) the generation of credits through climate-friendly farming
 16 and forestry practices;

17 for purposes of greenhouse gas credit markets.

18 **Sec. 10. (a)** The secretary shall adopt rules under IC 4-22-2 to
 19 establish a voluntary program under which a person can be
 20 registered under this chapter as a technical adviser or verifier.

21 **(b)** The rules adopted under this section must establish or adopt
 22 standards that:

23 (1) incorporate:

24 (A) best management practices in climate-friendly farming
 25 and forestry practices; and

26 (B) industry protocols widely used in greenhouse gas credit
 27 markets (including calculations, sampling methodologies,
 28 accounting principles, systems, and methods) relating to:

29 (i) quantification;

30 (ii) verifiability;

31 (iii) additionality, as compared to a historical baseline;

32 and

33 (iv) permanence;

34 of greenhouse gas emission reductions or carbon
 35 sequestration; and

36 (2) are intended to:

37 (A) encourage sustainable, climate-friendly farming and
 38 forestry practices by providing farmers and private forest
 39 landowners access to private sector capital; and

40 (B) facilitate the participation of farmers and private
 41 forest landowners in greenhouse gas credit markets.

42 **(c)** The rules adopted under this section must require a person



1 who intends to register as a technical adviser to:

2 (1) attest that the person will advise and promote the use in
3 climate-friendly farming and forestry practices of the best
4 management practices incorporated into the rules adopted
5 under subsection (a); and

6 (2) agree in all other respects to meet the standards
7 established or adopted under subsection (a).

8 (d) The rules adopted under this section must require a person
9 who intends to register as a verifier to:

10 (1) attest that the person will maintain knowledge of and
11 employ the greenhouse gas credit market industry protocols
12 incorporated into the rules adopted under subsection (a); and

13 (2) agree in all other respects to meet the standards
14 established or adopted under subsection (a).

15 (e) The rules adopted under this section must require a person
16 who registers as a technical adviser or verifier to pay a registration
17 fee. The fee must be set at an amount that will produce revenue
18 sufficient to fully defray the expenses of operating the program
19 established under this chapter.

20 Sec. 11. The secretary, in consultation with the advisory council,
21 shall periodically review and revise the standards established or
22 adopted under section 10(a) of this chapter to ensure that the
23 standards are appropriate to the achievement of the goals set forth
24 in section 10(b)(2) of this chapter.

25 Sec. 12. (a) The advisory council on climate-friendly farming
26 and forestry practices is established.

27 (b) The secretary shall appoint the members of the advisory
28 council, who must include:

29 (1) at least one (1) officer or employee of the department of
30 environmental management;

31 (2) at least one (1) officer or employee of the department of
32 natural resources;

33 (3) at least three (3) representatives of the agriculture
34 industry who are broadly representative of the agriculture
35 sector;

36 (4) at least two (2) representatives from the forestry and
37 forest products industry who are broadly representative of
38 the forestry sector;

39 (5) at least four (4) representatives of the relevant scientific
40 research community, including:

41 (A) one (1) representative of the Indiana Academy of
42 Science;



- 1 **(B) one (1) representative of Purdue University; and**
 2 **(C) one (1) representative of another state or private**
 3 **college or university in Indiana;**
 4 **(6) at least two (2) individuals familiar with private**
 5 **greenhouse gas credit markets and the verification**
 6 **requirements of those markets;**
 7 **(7) at least two (2) members of a nongovernmental or civil**
 8 **society organization with expertise relevant to**
 9 **climate-friendly farming and forestry practices;**
 10 **(8) one (1) investor that purchases or likely will purchase, in**
 11 **involuntary or compliance markets, domestic greenhouse gas**
 12 **credits generated by climate-friendly farming and forestry**
 13 **practices;**
 14 **(9) one (1) expert in marketing and selling domestic carbon**
 15 **credits; and**
 16 **(10) any other individual the secretary chooses to appoint to**
 17 **ensure that the advisory council is composed of a diverse**
 18 **group representing industry, academia, independent**
 19 **researchers, and public and private entities.**
 20 **(c) The secretary shall designate a member of the advisory**
 21 **council to serve as the chair.**
 22 **(d) The term of a member of the advisory council is five (5)**
 23 **years. A member's appointment may be renewed for one (1)**
 24 **additional term of five (5) years.**
 25 **(e) The advisory council must meet at least once each year.**
 26 **Meetings shall be at the call of the chair. The chair shall call the**
 27 **initial meeting of the advisory council for a date not more than**
 28 **thirty (30) days after appointment of the initial members of the**
 29 **advisory council under subsection (b) is completed.**
 30 **(f) The advisory council shall do the following:**
 31 **(1) Advise the secretary on the standards described in section**
 32 **10(b) of this chapter.**
 33 **(2) Make recommendations to the secretary concerning best**
 34 **practices and industry protocols described in section 10(b)(1)**
 35 **of this chapter.**
 36 **(3) Advise the secretary concerning:**
 37 **(A) methods used by private markets to quantify and**
 38 **verify greenhouse gas emission reductions or carbon**
 39 **sequestration;**
 40 **(B) additional considerations for the registration of**
 41 **technical advisers and verifiers;**
 42 **(C) means of reducing barriers to entry into the business**



- 1 of acting as a technical adviser or verifier;
- 2 (D) means of reducing costs for farmers and private forest
- 3 landowners participating in private greenhouse gas credit
- 4 markets; and
- 5 (E) means by which farmers and private forest landowners
- 6 can advertise products derived from their climate-friendly
- 7 farming and forestry practices.

8 (g) The members of the advisory council shall serve without
9 compensation.

10 Sec. 13. The rules adopted under section 10 of this chapter must:

- 11 (1) allow a person to register as a technical adviser by
- 12 submitting to the secretary through an Internet web site
- 13 maintained by the state department of agriculture a
- 14 notification that the person satisfies the requirements set forth
- 15 in section 10(c) of this chapter; and
- 16 (2) allow a person to register as a verifier by submitting to the
- 17 secretary through an Internet web site maintained by the state
- 18 department of agriculture a notification that the person
- 19 satisfies requirements set forth in section 10(d) of this chapter.

20 Sec. 14. Not more than one hundred eighty (180) days after the
21 date on which the rules adopted under section 10 of this chapter
22 take effect, the secretary shall publish:

- 23 (1) information describing how persons may register as
- 24 technical advisers or verifiers under this chapter;
- 25 (2) the standards established or adopted under section 10(b)
- 26 of this chapter;
- 27 (3) instructions and suggestions to assist farmers and private
- 28 forest landowners in participating in greenhouse gas credit
- 29 markets; and
- 30 (4) information for farmers and private forest landowners
- 31 relating to:
 - 32 (A) programs;
 - 33 (B) registries; and
 - 34 (C) protocols of programs and registries;
- 35 that provide opportunities for farmers and private forest
- 36 landowners to maintain and conserve agricultural and
- 37 forestry lands through participation in greenhouse gas credit
- 38 markets.

39 Sec. 15. (a) Not more than one (1) year after the date on which
40 the rules adopted under section 10 of this chapter take effect, the
41 secretary shall publish on an Internet web site maintained by the
42 state department of agriculture:



- 1 (1) a list of persons registered under this chapter as technical
2 advisers; and
3 (2) a list of persons registered under this chapter as verifiers.
4 (b) The secretary shall update the lists published under
5 subsection (a) at least once per year.
- 6 Sec. 16. (a) To continue to be included in the list of registered
7 technical advisers published under section 15(a)(1) of this chapter,
8 a person must:
9 (1) advise and promote the use of the best management
10 practices incorporated into the rules adopted under section
11 10(a) of this chapter; and
12 (2) in all other respects, meet the standards established or
13 adopted under section 10(a) of this chapter.
14 (b) To continue to be included in the list of registered verifiers
15 published under section 15(a)(2) of this chapter, a person must:
16 (1) maintain knowledge of and employ the industry protocols
17 incorporated into the rules adopted under section 10(a) of this
18 chapter; and
19 (2) in all other respects, meet the standards established or
20 adopted under section 10(a) of this chapter.
- 21 Sec. 17. (a) The secretary shall periodically conduct audits of
22 persons registered under this chapter as technical advisers and
23 verifiers to ensure compliance with the standards established or
24 adopted under section 10(a) of this chapter.
25 (b) The secretary may, under IC 4-21.5, revoke the registration
26 of a person registered as a technical adviser or verifier under this
27 chapter for failure to comply with the standards established or
28 adopted under section 10(a) of this chapter.
29 (c) If the secretary revokes the registration of a person under
30 subsection (b), the secretary shall, to the extent practicable,
31 provide notice of the revocation to farmers and private forest
32 landowners for whom the person acted as a technical adviser or
33 verifier.
- 34 Sec. 18. (a) A person who:
35 (1) is not registered under this chapter as a technical adviser;
36 and
37 (2) claims to be an Indiana state registered technical adviser
38 on climate-friendly farming and forestry practices or makes
39 any substantially similar claim;
40 commits a Class B infraction.
41 (b) A person who:
42 (1) is not registered under this chapter as a verifier; and



1 **(2) claims to be an Indiana state registered verifier of carbon**
2 **sequestration and greenhouse gas emission reductions or**
3 **makes any substantially similar claim;**
4 **commits a Class B infraction.**

5 **Sec. 19. A person who knowingly makes a false attestation under**
6 **section 10(c)(1) or 10(d)(1) of this chapter commits a Class B**
7 **infraction.**

