

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

LS 6866
BILL NUMBER: HB 1368

NOTE PREPARED: Jan 28, 2026
BILL AMENDED: Jan 20, 2026

SUBJECT: Carbon.

FIRST AUTHOR: Rep. Soliday
FIRST SPONSOR: Sen. Koch

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *DNR Utility Payments:* The bill requires a utility to accept certain methods of payment from the Department of Natural Resources (DNR) for utility service provided to a property owned by the DNR. It prohibits a utility from limiting or restricting the: (1) dollar amount; or (2) number of transactions allowed in a given period; with respect to a payment made by one of the specified payment methods. It provides that for any singular property owned by the DNR, a utility that provides utility service to the property shall provide the DNR with a singular invoice for the entire property.

Underground Injection Control (UIC) Class VI Program Primacy: The bill requires the Natural Resources Commission (NRC) to obtain the primary enforcement authority from the United States Environmental Protection Agency (EPA) to regulate Class VI underground injection wells. It grants the NRC authority to adopt rules to regulate Class VI underground injection wells.

Carbon Sequestration Pilot Project: The bill provides for the mechanism and regulatory scheme for underground storage of carbon dioxide in Indiana but excludes the Carbon Sequestration Pilot Project from application of the new requirements.

Effective Date: Upon passage; July 1, 2026.

Explanation of State Expenditures: *UIC Class VI Program Primacy:* The bill will increase workload and expenditures for the NRC and the DNR. Rulemaking workload could begin in FY 2026, to adopt rules with the necessary provisions to obtain UIC Class VI program primacy from the EPA. However, the timing and the amount of the increase in expenditures for full implementation and administration of the program is indeterminate. These additional administrative expenses would be paid from the Oil and Gas Division Fund and the Carbon Sequestration Project Program Administrative Fund.

DNR Utility Payments: The bill could minimally streamline DNR workload, when paying utility payments, by requiring utilities to provide a singular invoice for any singular property (regardless of the number of meters, connections, buildings, or structures served) and to accept certain payment methods, in any number of transactions and any dollar amount.

Additional Information: The EPA has granted UIC Class VI program primacy to three states. From the time of application submission until final EPA approval, the process for these three states took 8 months (Wyoming), 2 years (Louisiana), and 4 years (North Dakota).

Once implemented, workload could potentially increase for the Indiana Department of Environmental Management (IDEM) as the bill requires the DNR to consult with IDEM prior to issuing any permit. It also requires IDEM to either concur or dissent in writing regarding a depth requirement waiver, and to post certain information on their website for any waiver issued.

If the state obtains UIC Class VI program primacy, additional determinations by the DNR could increase the number of petitions for administrative review filed with the Office of Administrative Law Proceedings, which could increase their workload.

A UIC Class VI program primacy application must demonstrate, to the EPA's satisfaction, certain minimum requirements showing the necessary legal authorities; administrative, civil, and criminal enforcement penalty remedies; various regulations at least as stringent as federal regulations; and other information, such as the expected number of permits to be issued, staffing and expertise, procedures for compliance evaluation, etc. An application must also include a letter from the Governor and the Attorney General.

Explanation of State Revenues: *Civil Penalties for Violations:* The bill will increase revenue to the Carbon Sequestration Project Program Administrative Fund as it increases the civil penalty for a first violation from \$1,000 to \$2,500 and requires civil penalties to be assessed for *each day* of a violation. For any violation that is knowing or intentional, the bill also requires the civil penalty to be assessed individually and to result in a penalty of at least \$5,000 per day, based on the severity of the violation; the risk to individuals, property, or the environment; and the actions of the violator to abate the violation.

Criminal Penalty Provision: The bill establishes a Class A misdemeanor for knowingly or intentionally violating carbon dioxide provisions. If additional court cases occur and fines are collected, revenue to both the state General Fund (from court fees) and Common School Fund (from fines) would increase. The maximum fine for a Class A misdemeanor is \$5,000. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases](#).

Explanation of Local Expenditures: *DNR Utility Payments:* The bill could increase workload or expenditures for any municipally-owned utility (electric, natural gas, water, or wastewater) that services a DNR property by requiring a utility to provide the DNR with a singular invoice for any singular property (regardless of the number of meters, connections, buildings, or structures served); to accept credit card, debit card, and electronic transfer payments; to accept any number of transactions in a period; and to accept payments in any dollar amount.

Penalty Provision: A Class A misdemeanor is punishable by up to one year in jail.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions result in more guilty verdicts, certain local units will collect more revenue. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases](#).

State Agencies Affected: Department of Natural Resources, Indiana Department of Environmental Management; Office of Administrative Law Proceedings.

Local Agencies Affected: Municipally-owned utilities; trial courts, local law enforcement agencies.

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual;
<https://www.congress.gov/crs-product/R48033>;
<https://www.ecfr.gov/current/title-40/chapter-I/subchapter-D/part-145>;
<https://iar.iga.in.gov/register/20251210-IR-312250702RAA>;
<https://iar.iga.in.gov/register/20250611-IR-312250162RAA>.

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