

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

LS 6742
BILL NUMBER: SB 260

NOTE PREPARED: Jan 6, 2026
BILL AMENDED:

SUBJECT: Carbon Dioxide.

FIRST AUTHOR: Sen. Deery
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Eminent Domain for Carbon Dioxide Transmission Pipelines*- The bill specifies that an application for a carbon dioxide transmission pipeline certificate of authority must include: (1) a risk assessment; and (2) a carbon dioxide injection estimate. It provides that when determining compensation in certain eminent domain proceedings, the perceived risk of certain hazardous conditions must be taken into account.

Pilot Project: Fees, Liability, and Inspection- The bill establishes a Carbon Sequestration Pilot Project Fee Program, and specifies certain conditions in relation to the fee money. It provides that a transfer of ownership in regard to a Carbon Sequestration Pilot Project does not relieve a prior operator from liability for any negligence or willful misconduct that occurred before the transfer. It requires the Department of Natural Resources (DNR) to inspect a Carbon Sequestration Pilot Project.

Consent Threshold Regarding Pore Space- The bill alters the threshold of consent one must obtain in order to use eminent domain (pilot) or integration (other carbon projects) in relation to carbon sequestration.

Effective Date: July 1, 2026.

Explanation of State Expenditures: *Pilot Project Expenditures*- Potential future expenditures could increase for the Oil and Gas Environmental Fund, as the bill provides additional purposes for which money in the fund is to be spent related to the pilot project, which might otherwise be paid from the Carbon Dioxide Storage Facility Trust Fund or the Carbon Sequestration Project Program Administrative Fund, including monitoring, managing, and mitigating environmental damage or protecting public safety against harm caused by the pilot project. Workload may also increase for the DNR to inspect the Carbon Sequestration Pilot Project, as required by the bill.

The Class VI permit for the pilot project (Wabash Carbon Services) has been approved by the EPA. It is in the pre-operational phase and has not received written authorization to begin injections; therefore, the timing of the workload and expenditures increase is not known.

The bill specifies that any future potential transfer of ownership of the pilot program (at least twelve years after injections cease) does not relieve the operator from liability from neglect or willful misconduct that occurred before the transfer.

Explanation of State Revenues: *Pilot Project: Fees-* Revenue will increase to the Carbon Sequestration Project Program Administrative Fund by about \$147,300 per year for 12 years based on annual injection estimates (EPA Class VI permit application submitted by Wabash Carbon Services, LLC). The project is in the pre-operational phase and has not yet received written authorization to begin injections; therefore, the timing of the revenue increase is not known. [Estimated 1,670,000 metric tons x 1.1023 (conversion to US tons) x \$0.08 fee = \$147,267/yr for 12 years.]

The bill requires this fee to only be used for monitoring and managing the pilot project. It also prohibits this fee revenue from being considered when calculating the total amount in the fund (any amount in excess of \$750,000 in the fund at the end of a fiscal year must be transferred to the state General Fund.)

Eminent Domain for Pipelines- If the pipeline route for any carbon dioxide transmission pipeline includes any state-owned property that is acquired by eminent domain, compensation to the state could increase.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Eminent Domain for Pipeline-* If the pipeline route for any carbon dioxide pipeline includes any property owned by a local unit that is acquired by eminent domain, compensation to the local unit could increase.

State Agencies Affected: Department of Natural Resources; other state agencies that manage state-owned land (if located on a pipeline route).

Local Agencies Affected: Local units that manage land owned by the local unit (if located on a pipeline route).

Information Sources: Wabash Valley Resources;
<https://www.in.gov/idoa/state-property-and-facilities/state-property-deeds-maps-and-photos;>
[https://www.citact.org/sites/default/files/WVR-Universal-Presentation-08-15-23.pdf;](https://www.citact.org/sites/default/files/WVR-Universal-Presentation-08-15-23.pdf)
[https://www.epa.gov/system/files/documents/2023-07/Wabash_Carbon_Services_FactSheet_Draft_Permit.pdf;](https://www.epa.gov/system/files/documents/2023-07/Wabash_Carbon_Services_FactSheet_Draft_Permit.pdf)
[https://udr.epa.gov/ords/uicdr/r/uicdr_ext/uicdr-pub/repository.](https://udr.epa.gov/ords/uicdr/r/uicdr_ext/uicdr-pub/repository)

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