

HB431 ENGROSSED



1 HB431
2 V71E2LL-2
3 By Representatives Hammett, Whitt, Reynolds, Hulsey
4 RFD: Ways and Means General Fund
5 First Read: 12-Feb-26



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A BILL
TO BE ENTITLED
AN ACT

Relating to Carbon Dioxide Injection Wells; to establish the Study Commission on Carbon Dioxide Storage Facility Fees; to amend Section 9-17-162, Code of Alabama 1975, to require carbon dioxide storage facility operators to provide notice of filling an approval petition for a facility with the board to certain local governments; to authorize local governments to participate in hearings on these petitions; and to add Section 9-17-167 to the Code of Alabama 1975, to levy certain fees on operators for carbon dioxide injected into facilities.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 9-17-162, Code of Alabama 1975, is amended to read as follows:

"§9-17-162

(a) For a storage facility that is used for the storage and sequestration of carbon dioxide, all of the following shall apply:

(1) A storage operator shall adhere to all rules adopted by the board relating to the underground storage of carbon dioxide.



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29 (2) A storage operator shall make a good faith effort
30 to obtain the consent of all persons that own a storage
31 facility's pore space and storage rights for carbon dioxide.

32 (3) A storage operator shall obtain the consent of
33 persons that own not less than 66 and two-thirds percent of a
34 storage facility's pore space and storage rights for carbon
35 dioxide.

36 (4) Upon a storage operator obtaining the consent of
37 persons that own not less than 66 and two-thirds percent of a
38 storage facility's pore space and storage rights for carbon
39 dioxide, the board, after providing notice and a public
40 hearing, may enter an order to amalgamate and pool the pore
41 space and storage rights for carbon dioxide owned by
42 nonconsenting owners into the storage facility on terms that
43 are just and reasonable as determined by the board.

44 (5) All nonconsenting owners of a storage facility's
45 pore space and storage rights for carbon dioxide shall be
46 fairly and equitably compensated.

47 (6) A storage operator shall use commercially
48 reasonable efforts to limit the adverse surface-use impact
49 upon the lands of nonconsenting owners of a storage facility's
50 pore space and storage rights.

51 (7) A storage operator seeking approval to operate in
52 the Blue Creek or Mary Lee coal seams in Jefferson,
53 Tuscaloosa, or Walker counties or within a 10-mile radius of
54 any coal mine operation shall obtain the written consent of
55 the coal mine operator and mineral owner with an operation or
56 mineral interest in the seams or within the radius; provided,



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57 however, that the consent shall not be unreasonably withheld
58 or delayed.

59 (b) (1) In addition to any other notice required by rule
60 of the board, upon the submission to the board of a petition
61 to approve a storage facility for the storage and
62 sequestration of carbon dioxide, a storage operator shall
63 provide the petition and copies of all technical exhibits and
64 other data and information submitted to the board supporting
65 the petition to any local governing body having jurisdiction
66 over the land of the proposed storage facility not more than
67 three business days after submitting the petition to the
68 board.

69 (2) The board shall hold a hearing on a petition to
70 approve a storage facility for the storage and sequestration
71 of carbon dioxide as soon as practicable but not less than 60
72 days after receiving the petition. The board shall provide to
73 any local governing body having jurisdiction over the land of
74 the proposed storage facility notice of the time, date, and
75 location of the hearing not less than 30 days before the
76 hearing.

77 (3) Upon receiving a petition and any information
78 pursuant to subdivision (1), and prior to any hearing
79 conducted pursuant to subdivision (2), a local governing body
80 may submit written comments regarding the petition to the
81 board and may participate in the hearing to the same extent as
82 the storage facility operator."

83 Section 2. Section 9-17-167 is added to the Code of
84 Alabama 1975, to read as follows:



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85 §9-17-167

86 (a) Beginning October 1, 2027, the following fees shall
87 be levied on each ton of carbon dioxide stored or sequestered
88 in any storage facility to be collected and disbursed
89 accordingly by the board:

90 (1) Seven cents (\$0.07) to the State General Fund.

91 (2) Seven cents (\$0.07) to the county in which the
92 carbon dioxide was injected, or if carbon dioxide was injected
93 within a municipality, to the county and municipality equally,
94 to be expended at the discretion of the relevant governing
95 body.

96 (b) By the end of each November, the State Oil and Gas
97 Supervisor may submit to the State Oil and Gas Board a
98 recommendation of an increase to any fee levied pursuant to
99 subsection (a) based on the percentage increase in the
100 Consumer Price Index for All Urban Consumers (CPI-U) (All
101 Items-U.S. City Average) maintained by the U.S. Department of
102 Labor, Bureau of Labor Statistics, for the immediately
103 preceding fiscal year, rounded down to the nearest five cents
104 (\$0.05). If the increase is approved by the board, the
105 supervisor, by the end of March of each year, shall submit the
106 recommended increase to the Legislative Council for approval.
107 In the event the recommended increase is not disapproved by
108 the council by the end of April, the recommendation shall be
109 deemed approved. In the event one or more years elapse during
110 which there is no adjustment, the same procedure may be
111 followed to obtain a net cumulative increase since the
112 previous increase.



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113 Section 3. (a) The Study Commission on Carbon Dioxide
114 Storage Facility Fees is established. The commission shall
115 consist of the following members:

116 (1) One member of the Alabama House of Representatives,
117 appointed by the Speaker of the House of Representatives, to
118 serve as chair.

119 (2) One member of the Alabama Senate, appointed by the
120 President Pro Tempore of the Senate, to serve as vice chair.

121 (3) One member appointed by the Minority Leader of the
122 House of Representatives.

123 (4) One member appointed by the Minority Leader of the
124 Senate.

125 (5) One member appointed by the Governor.

126 (6) One member appointed by the Lieutenant Governor.

127 (7) The State Oil and Gas Supervisor, or his or her
128 designee.

129 (8) A representative of the Energy Institute of
130 Alabama.

131 (9) A representative of Manufacture Alabama.

132 (10) A representative of the American Petroleum
133 Institute.

134 (11) A representative of the Southeast Oil and Gas
135 Association.

136 (b) The appointing authorities shall coordinate their
137 appointments to ensure the task force membership is inclusive
138 and reflects the racial, gender, geographic, urban, rural, and
139 economic diversity of the state.

140 (c) The first meeting of the study commission shall be



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141 held at the call of the chair no later than August 1, 2026.
142 The study commission may then meet as necessary to conduct
143 business.

144 (d) (1) The study commission shall assess all of the
145 following matters:

146 a. The current practices and laws of other states
147 regarding assessing fees on storage facilities used for carbon
148 dioxide storage.

149 b. At what level such fees become barriers to entering
150 the market and place the state at a competitive disadvantage
151 compared to other states, while considering the state's unique
152 geology.

153 c. At what level fees facilitate the protection and
154 maintenance of natural resources potentially affected by such
155 facilities.

156 (e) The study commission shall prepare and submit a
157 comprehensive report of its findings, conclusions, and
158 recommendations for proposed legislation, if any, to the
159 Legislature not later than the fifteenth legislative day of
160 the 2027 Regular Session, at which point the commission shall
161 stand dissolved.

162 (f) (1) The legislative members of the study commission
163 shall be entitled to their legislative compensation, per diem,
164 and travel expenses for each day they attend a meeting of the
165 task force pursuant to Section 49 of the Constitution of
166 Alabama of 2022.

167 (2) The nonlegislative members of the study commission
168 shall serve without compensation but may be reimbursed for



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169 necessary expenses in attending meetings of the study
170 commission pursuant to the policies of their respective
171 appointing authority.

172 (g) Pursuant to Section 36-14-17.1, Code of Alabama
173 1975, the study commission shall provide a notice of all
174 meetings, the name of each member serving on the study
175 commission, and a copy of the final report and any other
176 documents produced by the study commission throughout its
177 duration to the Secretary of State.

178 Section 4. Sections 1 and 2 shall become effective on
179 October 1, 2026. Section 3 shall become effective on June 1,
180 2026.



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House of Representatives

184 Read for the first time and referred12-Feb-26
185 to the House of Representatives
186 committee on Ways and Means General
187 Fund
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189 Read for the second time and placed11-Mar-26
190 on the calendar:
191 0 amendments
192
193 Read for the third time and passed19-Mar-26
194 as amended
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196 Yays.....61
197 Nays.....10
198 Abstains.....31

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John Treadwell
Clerk