

HB431 INTRODUCED



1 HB431
2 XDPH27E-1
3 By Representatives Hammett, Whitt, Reynolds, Hulsey
4 RFD: Ways and Means General Fund
5 First Read: 12-Feb-26



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SYNOPSIS:

Under existing law, wells used for oil and gas production are taxed at certain amounts according to the amount of oil and gas extracted.

This bill would levy a new tax on wells used to store carbon dioxide according to the amount of carbon dioxide stored.

This bill would also provide for the sum of these taxes to be disbursed equally for state and local uses.

A BILL
TO BE ENTITLED
AN ACT

Relating to revenue; to levy a tax on storing carbon dioxide in wells; and to provide for the disbursement of this tax equally for state and local uses.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) For the purposes of this section, the following terms have the following meanings:

(1) GROSS VALUE. The sale price or market value at the time of injection or storage.

(2) CARBON DIOXIDE STORAGE WELL. Any well, pore space,



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29 geologic formation, or other underground space used for
30 injecting, sequestering, or otherwise storing carbon dioxide.
31 The term includes a Class VI well as defined by the United
32 States Environmental Protection Agency pursuant to the
33 Underground Injection Control Program of the Safe Drinking
34 Water Act, 42 U.S.C. § 300f et seq.

35 (b) Any carbon dioxide storage well in this state shall
36 be taxed at a rate of 20 percent of the gross value of all
37 carbon dioxide injected or otherwise stored in the well to be
38 remitted monthly to the Department of Revenue.

39 (c) (1) Fifty percent of the net amount of all taxes
40 collected by the department pursuant to subsection (b) shall
41 be deposited into the State General Fund.

42 (2) The remaining 50 percent shall be allocated and
43 distributed by the Comptroller to the county in which the
44 carbon dioxide was injected or otherwise stored to be expended
45 at the discretion of the respective county governing body.

46 (3) If the carbon dioxide was injected or otherwise
47 stored within the corporate limits of a municipality, 50
48 percent of the 50 percent to be distributed to the county
49 shall be distributed to the municipality to be expended at the
50 discretion of the respective municipal governing body.

51 (d) The department may adopt rules to administer this
52 section.

53 Section 2. This act shall become effective on October
54 1, 2026.