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SYNOPSIS:

Under existing law, upon the submission of an approval petition to the State Oil and Gas Board, a storage facility for gas must be approved by the board after notice and hearing before operating in the state.

This bill would require the petition and any supporting documentation also be submitted to any local government with jurisdiction over the area of the proposed facility.

This bill would authorize such a local government to submit comments to the board regarding the petition and participate in the hearing of the board on the petition.

Also under existing rule of the State Oil and Gas Board, a storage facility that is used for the storage and sequestration of carbon dioxide is assessed certain fees.

This bill would require carbon dioxide storage facilities be assessed certain fees on each ton of carbon dioxide injected for disbursement to the state and county in which the injection occurred.

This bill would also establish the Study Commission on Carbon Dioxide Storage Facility Fees to assess certain topics regarding levying fees on carbon dioxide storage facilities.



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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.

(2) A storage operator shall make a good faith effort to obtain the consent of all persons that own a storage



57 facility's pore space and storage rights for carbon dioxide.

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

62 (4) Upon a storage operator obtaining the consent of
63 persons that own not less than 66 and two-thirds percent of a
64 storage facility's pore space and storage rights for carbon
65 dioxide, the board, after providing notice and a public
66 hearing, may enter an order to amalgamate and pool the pore
67 space and storage rights for carbon dioxide owned by
68 nonconsenting owners into the storage facility on terms that
69 are just and reasonable as determined by the board.

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

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

77 (7) A storage operator seeking approval to operate in
78 the Blue Creek or Mary Lee coal seams in Jefferson,
79 Tuscaloosa, or Walker counties or within a 10-mile radius of
80 any coal mine operation shall obtain the written consent of
81 the coal mine operator and mineral owner with an operation or
82 mineral interest in the seams or within the radius; provided,
83 however, that the consent shall not be unreasonably withheld
84 or delayed.



85 (b) (1) In addition to any other notice required by rule
86 of the board, upon the submission to the board of a petition
87 to approve a storage facility for the storage and
88 sequestration of carbon dioxide, a storage operator shall
89 provide the petition and copies of all technical exhibits and
90 other data and information submitted to the board supporting
91 the petition to any local governing body having jurisdiction
92 over the land of the proposed storage facility not more than
93 three business days after submitting the petition to the
94 board.

95 (2) The board shall hold a hearing on a petition to
96 approve a storage facility for the storage and sequestration
97 of carbon dioxide as soon as practicable but not less than 60
98 days after receiving the petition. The board shall provide to
99 any local governing body having jurisdiction over the land of
100 the proposed storage facility notice of the time, date, and
101 location of the hearing not less than 30 days before the
102 hearing.

103 (3) Upon receiving a petition and any information
104 pursuant to subdivision (1), and prior to any hearing
105 conducted pursuant to subdivision (2), a local governing body
106 may submit written comments regarding the petition to the
107 board and may participate in the hearing to the same extent as
108 the storage facility operator."

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

111 §9-17-167

112 (a) Beginning October 1, 2027, the following fees shall



113 be levied on each ton of carbon dioxide stored or sequestered
114 in any storage facility to be collected and disbursed
115 accordingly by the board:

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

117 (2) Seven cents (\$0.07) to the county in which the
118 carbon dioxide was injected, or if carbon dioxide was injected
119 within a municipality, to the county and municipality equally,
120 to be expended at the discretion of the relevant governing
121 body.

122 (b) By the end of each November, the State Oil and Gas
123 Supervisor may submit to the State Oil and Gas Board a
124 recommendation of an increase to any fee levied pursuant to
125 subsection (a) based on the percentage increase in the
126 Consumer Price Index for All Urban Consumers (CPI-U) (All
127 Items-U.S. City Average) maintained by the U.S. Department of
128 Labor, Bureau of Labor Statistics, for the immediately
129 preceding fiscal year, rounded down to the nearest five cents
130 (\$0.05). If the increase is approved by the board, the
131 supervisor, by the end of March of each year, shall submit the
132 recommended increase to the Legislative Council for approval.
133 In the event the recommended increase is not disapproved by
134 the council by the end of April, the recommendation shall be
135 deemed approved. In the event one or more years elapse during
136 which there is no adjustment, the same procedure may be
137 followed to obtain a net cumulative increase since the
138 previous increase.

139 Section 3. (a) The Study Commission on Carbon Dioxide
140 Storage Facility Fees is established. The commission shall



141 consist of the following members:

142 (1) One member of the Alabama House of Representatives,
143 appointed by the Speaker of the House of Representatives, to
144 serve as chair.

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

147 (3) One member appointed by the Minority Leader of the
148 House of Representatives.

149 (4) One member appointed by the Minority Leader of the
150 Senate.

151 (5) One member appointed by the Governor.

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

153 (7) The State Oil and Gas Supervisor, or his or her
154 designee.

155 (8) A representative of the Energy Institute of
156 Alabama.

157 (9) A representative of Manufacture Alabama.

158 (10) A representative of the American Petroleum
159 Institute.

160 (11) A representative of the Southeast Oil and Gas
161 Association.

162 (b) The appointing authorities shall coordinate their
163 appointments to ensure the task force membership is inclusive
164 and reflects the racial, gender, geographic, urban, rural, and
165 economic diversity of the state.

166 (c) The first meeting of the study commission shall be
167 held at the call of the chair no later than August 1, 2026.
168 The study commission may then meet as necessary to conduct



169 business.

170 (d) (1) The study commission shall assess all of the
171 following matters:

172 a. The current practices and laws of other states
173 regarding assessing fees on storage facilities used for carbon
174 dioxide storage.

175 b. At what level such fees become barriers to entering
176 the market and place the state at a competitive disadvantage
177 compared to other states, while considering the state's unique
178 geology.

179 c. At what level fees facilitate the protection and
180 maintenance of natural resources potentially affected by such
181 facilities.

182 (e) The study commission shall prepare and submit a
183 comprehensive report of its findings, conclusions, and
184 recommendations for proposed legislation, if any, to the
185 Legislature not later than the fifteenth legislative day of
186 the 2027 Regular Session, at which point the commission shall
187 stand dissolved.

188 (f) (1) The legislative members of the study commission
189 shall be entitled to their legislative compensation, per diem,
190 and travel expenses for each day they attend a meeting of the
191 task force pursuant to Section 49 of the Constitution of
192 Alabama of 2022.

193 (2) The nonlegislative members of the study commission
194 shall serve without compensation but may be reimbursed for
195 necessary expenses in attending meetings of the study
196 commission pursuant to the policies of their respective



197 appointing authority.

198 (g) Pursuant to Section 36-14-17.1, Code of Alabama
199 1975, the study commission shall provide a notice of all
200 meetings, the name of each member serving on the study
201 commission, and a copy of the final report and any other
202 documents produced by the study commission throughout its
203 duration to the Secretary of State.

204 Section 4. Sections 1 and 2 shall become effective on
205 October 1, 2026. Section 3 shall become effective on June 1,
206 2026.