

# HOUSE BILL No. 1561

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 13-11-2-16; IC 13-17-15.

**Synopsis:** Air emissions reduction credit program. Requires the Indiana development finance authority and the air pollution control board to adopt rules to establish an air emissions reduction credit program that uses market based, economic incentives to reduce or prevent emissions of air contaminants in Indiana. Specifies that the air emissions reduction credit program must: (1) allow air emissions reduction credits to be earned, banked, and traded for nitrogen oxide, particulate matter, volatile organic compounds, sulfur dioxide, carbon monoxide, and other air contaminants that may be added to the program by the authority and the board; and (2) allow air emissions reduction credits to be earned by the source of an air contaminant to the  
(Continued next page)

**Effective:** July 1, 1999.

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**Kuzman**

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January 19, 1999, read first time and referred to Committee on Environmental Affairs.

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extent that the source reduces the emission of the air contaminant below an established baseline level for the air contaminant. Provides that the: (1) value of air emissions reduction credits; and (2) liability for air emissions reduction credits bought and sold are determined by the buyer and seller of the air emissions reduction credits. Specifies that the owner of air emissions reduction credits may: (1) hold the credits for future use; or (2) trade the credits on an exchange. Requires the Indiana development finance authority to establish a registry program to: (1) identify and register air emissions reduction credits; and (2) act as a repository for all public information concerning air emissions reduction credits and air emissions reduction credits trading. Allows the authority to enter into a contract with a person to operate the registry program. Requires the department of environmental management to adopt rules that provide for the review and approval of protocols to be used to establish an air emissions baseline level for the source of an air contaminant if a baseline level has not been established for the source: (1) in a permit issued to the source; or (2) under a statute or rule.

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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

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## HOUSE BILL No. 1561



A BILL FOR AN ACT to amend the Indiana Code concerning environmental law.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 13-11-2-16 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 16. (a) "Authority", for  
3 purposes of IC 13-22-10, refers to the Indiana hazardous waste facility  
4 site approval authority.

5 (b) "Authority", for purposes of **IC 13-17-15**, IC 13-19-5, and  
6 IC 13-23-10, refers to the Indiana development finance authority  
7 created under IC 4-4-11.

8 SECTION 2. IC 13-17-15 IS ADDED TO THE INDIANA CODE  
9 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
10 JULY 1, 1999]:

11 **Chapter 15. Air Emissions Reduction Credit Program**

12 **Sec. 1. The authority and the board shall adopt rules under**  
13 **IC 4-22-2 and, if applicable, IC 13-14-9 to establish an air**  
14 **emissions reduction credit program that uses market based,**  
15 **economic incentives to reduce or prevent emissions of air**



1 contaminants in Indiana.

2 **Sec. 2. The air emissions reduction credit program established**  
3 **under this chapter must do the following:**

4 (1) Allow air emissions reduction credits to be earned,  
5 banked, and traded for at least the following air  
6 contaminants:

- 7 (A) Nitrogen oxide.  
8 (B) Particulate matter.  
9 (C) Volatile organic compounds.  
10 (D) Sulfur dioxide.  
11 (E) Carbon monoxide.

12 The authority and the board may add air contaminants that  
13 are not listed in clauses (A) through (E) to the air emissions  
14 reduction credit program.

15 (2) Allow air emissions reduction credits to be earned by:

- 16 (A) a mobile;  
17 (B) a point;  
18 (C) an area; or  
19 (D) a stationary;

20 source of an air contaminant to the extent that the source  
21 reduces the emission of the air contaminant below the baseline  
22 level for the air contaminant established under this chapter.

23 (3) Provide for maximum participation by:

- 24 (A) persons that are sources of air emissions; and  
25 (B) potential purchasers and sellers of air emissions  
26 credits;

27 to obtain the maximum and most cost effective environmental  
28 benefit.

29 **Sec. 3. (a) The rules adopted by the authority must provide that**  
30 **the:**

- 31 (1) value of air emissions reduction credits; and  
32 (2) liability for air emissions reduction credits bought and  
33 sold;

34 shall be determined by the buyer and seller of the air emissions  
35 reduction credits.

36 (b) Air emissions reduction credits:

- 37 (1) are the property of the current holder of the credits; and  
38 (2) may only be revoked or discounted following a hearing  
39 conducted in accordance with IC 4-21.5.

40 (c) Air emissions reduction credits earned:

- 41 (1) reflect air emissions reduced; and  
42 (2) may not be subject to any test of financial loss or gain

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1 associated with the air emission reduction action.

2 (d) Air emissions reduction credits may be:

- 3 (1) held for future use; or  
 4 (2) traded on an exchange;

5 by the owner of the credits.

6 (e) Air emissions reduction credits may be bought or sold within  
 7 air quality control areas that have been classified as nonattainment  
 8 areas under the federal Clean Air Act (42 U.S.C. 7401 et seq.).  
 9 However, the credits may only be purchased from:

- 10 (1) within the nonattainment area; or  
 11 (2) air emissions sources that affect the air quality within the  
 12 nonattainment area.

13 (f) Air emissions reduction credits expire fifteen (15) years after  
 14 the date the credits are first registered with the registry program  
 15 described in section 4 of this chapter.

16 Sec. 4. (a) The authority shall establish a registry program to do  
 17 the following:

- 18 (1) Identify and register air emissions reduction credits.  
 19 (2) Act as a repository for all public information concerning:  
 20 (A) air emissions reduction credits; and  
 21 (B) air emissions reduction credits trading.

22 (b) A person that registers an air emissions reduction credit  
 23 with the registry must:

- 24 (1) verify the air emissions reduction; and  
 25 (2) register the air emissions reduction credit;

26 in a manner established in rules adopted by the board and the  
 27 authority under this chapter.

28 (c) The registry program shall charge a fee to register air  
 29 emissions reduction credits in an amount necessary to fund the  
 30 administration of the registry.

31 (d) The records of the registry are public records subject to  
 32 public inspection under IC 5-14-3.

33 (e) The authority may enter into a contract with a person to  
 34 operate the registry program.

35 Sec. 5. (a) Air emissions baseline levels shall be established for  
 36 the source of an air contaminant:

- 37 (1) in a permit issued to the source; or  
 38 (2) under a statute or rule.

39 (b) If an air emissions baseline level has not been established for  
 40 the source of an air contaminant as provided under subsection (a),  
 41 the department shall adopt rules under IC 4-22-2 that provide for  
 42 the review and approval of protocols to be used to establish an air

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1 **emissions baseline level for the source.**  
2 SECTION 3. [EFFECTIVE JULY 1, 1999] (a) **The Indiana**  
3 **development finance authority and the air pollution control board**  
4 **shall adopt rules as required under IC 13-17-15, as added by this**  
5 **act, before January 15, 2001.**  
6 (b) **This SECTION expires January 31, 2001.**

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