New Session, New Laws, New Lens: How Louisiana's 2025 Legislative Session and the Federal One Big Beautiful Bill Act Have Reshaped Carbon Capture & Storage Development

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A significant piece of legislation seems to have slipped under the radar of many watching the carbon capture & storage ("CCS") space in Louisiana. While on the national level, contrary to some fears, the One Big Beautiful Bill Act (OBBBA) reaffirmed bipartisan support for CCS.

- **On June 24, 2025, Governor Jeff Landry signed Senate Bill No. 244 into law,** bringing significant updates for CCS projects in Louisiana. These changes add new layers of compliance and stakeholder engagement, especially for those in the CCS and pipeline space. The 227-page bill provides several updates to the Louisiana Geologic Sequestration of Carbon Dioxide Act (Louisiana Revised Statutes 30:1101 *et seq.*), the legal backbone of CCS development in Louisiana, which was enacted in 2009.
- **On July 4, 2025, President Donald J. Trump signed into law the OBBBA,** and, with it, reaffirmed bipartisan support in the United States for CCS by preserving–and in some cases strengthening–the federal Section 45Q tax credit for CCS projects. This was a welcome development as some had feared that the OBBBA might do away with tax credits for many energy programs and projects.

Five Key Takeaways for Industry Participants Tracking Recent Changes to Carbon Storage and Energy Regulation

1. Department Restructure for LDENR

The agency that oversees CCS development and reviews and approves Class V and Class VI well permit applications in Louisiana is getting a new look! Effective October 1, 2025, the Louisiana Department of Energy & Natural Resources (LDENR) will become the **Louisiana Department of Conservation & Energy** (LDCE).

This change has now placed most of the administrative powers (*see e.g.,* La. R. S. 30:1104 and 30:1107, as amended) directly under the umbrella of LDENR Secretary Tyler Gray, rather than there being a split, where certain powers are handled by the Commissioner of Conservation and other powers are handled by the Secretary. Expect some reshuffling ahead, but overall, this is a good outcome because it streamlines various administrative processes in Baton Rouge and creates more transparency for those doing business with the Department.

2. Tighter Eminent Domain Standards

During the 2024 Session, pipeline operators were granted the ability to use eminent domain laws to lay and establish new pipelines (La. Act No. 620) for CCS purposes. Following this year's Session, that law has become more restrictive. Pipeline operators must now demonstrate a "reasonable probability" that their project will serve the public, operating as a common carrier to qualify under eminent domain laws.

This change, amending Section 1103 of Title 30, includes a new definition for **"common carrier"** that provide a common carrier is "a transporter of carbon dioxide by pipeline for storage where there exists a reasonable probability that the pipeline will serve the public by transporting caron dioxide for one or more third parties."

3. Unitization Threshold Raised

Additionally, in the last Session, the Legislature passed a law permitting unitization (such as in the oil & gas industry) in the CCS arena (La. Act No. 645). The law stated that 75 percent of the owners in interest within the proposed unit must have consented in writing to a lease for project acreage. The new requirement following this Session has increased the landowner approval threshold for unitization to 85 percent.

4. Expanded Notice Requirements

Applicants for Class VI and Class V wells must conduct a "reasonable search and a good faith effort" for surface and subsurface key stakeholders—including mineral and surface owners—and notify them via *certified mail* upon application submission.

A notice must also be provided to any surface and subsurface stakeholders within 500 feet of a proposed well. The LDENR (soon-to-be LDCE) will continue to publish notice of any Class VI or Class V applications on its website.

5. OBBBA Reaffirms Bipartisan Support for CCS

Thankfully, CCS continues to receive support and encouragement from policymakers and legislators in Washington, D.C. The OBBBA recognizes that the 45Q tax credit is a cornerstone and economic driver for accelerating CCS deployment across the United States. Keeping these tax credits in place is key to maintaining project development momentum, industrial competitiveness, energy security, and economic resilience in the global market.

Here is a breakdown of some of the positive changes we saw with the OBBBA:

1. The law maintains the 45Q tax credit for point-source capture at $85/ton and direct air capture (DAC) at $180/ton in dedicated geologic storage;

2. The law keeps transferability and keeps the inflation adjustment date of 2027 with a base index year of 2025;

3. The 45Q tax credit now also includes parity for the utilization of carbon dioxide (CO_2)—withdrawing or using CO_2 for other purposes. CO_2 used or converted into valuable products or injected and geologically stored in a qualified enhanced oil recovery or natural gas recovery project site will qualify for the same dollar value credit as CO_2 that is permanently sequestered in a dedicated geologic storage site; and

4. The new law also introduces certain restrictions for Foreign Entities of Concern, including China, Russia, North Korea, and Iran.

Comparing the Inflation Reduction Act (2022) with the One Big Beautiful Bill Act (2025):

- **$85/ton:** From point source   Geologic storage (IRA)—stayed the same in OBBBA
- **$180:** Direct air capture   Geologic storage—stayed the same in OBBBA
- **$60:** Point source   Utilization / GS with enhanced recovery—increased the amount of credit in OBBBA to $85: Point source   Utilization / GS with enhanced recovery
- **$130:** DAC   Utilization / GS with enhanced recovery—increased in OBBBA to $180: DAC   Utilization / GS with enhanced recovery

Conclusion

Although this year's Louisiana Legislative Session was only supposed to be a fiscal session, the Louisiana Legislature accomplished a lot of CCS business. Many of the pre-filed bills relating to CCS development were killed in committee or on the House floor, but SB244 continued to truck along and, ultimately, became a law.

It is too soon to know how these changes (at both the state and federal levels) might affect project development in Louisiana. Some stakeholders may be more skeptical about investing money here, but overall, the mood seems to remain optimistic that CCS development is Louisiana's moment to shine.