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## FISCAL UPDATE Article

Fiscal Services Division

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### IOWA CARBON SEQUESTRATION TASK FORCE — DECEMBER 2021

**Summary.** The [Iowa Carbon Sequestration Task Force](#) met on December 6, 2021, to review draft policy proposals from its [Energy](#) and [Agriculture](#) Workgroups. The Task Force was created to explore carbon sequestration and the opportunities it presents to further economic development in Iowa. An agenda from the meeting can be found [here](#).

**Policy Proposals.** The following five proposals were presented at the Task Force meeting with tentative recommendations for State appropriations:

- **Fertilizer Management** — The State of Iowa would invest in [Iowa State University \(ISU\)](#) research to update static maximum return to nitrogen (MRTN) recommendations to a new dynamic modeling system that considers variability in the environment, management, and weather. The research would consider carbon dioxide equivalent (CO<sub>2</sub>e) of nitrogen oxides (NO<sub>x</sub>) with potential for carbon improvements to corn and soybean rotation systems. The goal would be more accurate nitrogen recommendations that support higher crop yields and reduce greenhouse gas (GHG) emissions. This proposal would require legislative action and a \$1.0 million annual State budget appropriation for 10 years.
- **Renewable Fuels** — A renewable fuels policy would support original biofuels legislation and any effort to further low-carbon usage of renewable fuels to expand beyond existing markets (e.g., aviation fuels). This proposal would require legislative action and a State budget appropriation that is yet to be determined.
- **Carbon Ignition Fund** — The Carbon Ignition Fund would help to initiate funding and incentive strategies administered through State agencies to provide for the creation of carbon value. The Fund would also enable and encourage carbon markets and programs to expand their work in Iowa and lower barriers to participation for Iowa farmers, including expansion of eligible practices for farmers. This proposal would require legislative action and a State budget appropriation of \$5.0 million.
- **Carbon Initiative at the Bioeconomy Institute** — This proposal would create a Carbon Initiative at the Bioeconomy Institute, led by ISU. The Carbon Initiative would report to the Governor, the General Assembly, and related State agencies, who will provide input to guide current and future research. Major responsibilities of the Initiative would include the following:
  - Providing research to advance understanding and technology to guide programs and inform policy without advocating for or proposing legislative changes.
  - Disseminating research-based information to farmers, landowners, and the public.This proposal would require legislative action and a \$2.0 million annual State budget appropriation.
- **Low-Carbon Energy Generation and Flexible Rates** — This proposal would create support for carbon sequestration through policies and regulations that advance incremental investment in Iowa's energy economy. Actions include:
  - Enabling rate-regulated public utilities with the authority to create flexible ratemaking mechanisms
  - Promoting the research and implementation of new technologies

- Promoting broader adoption of existing low-carbon generation sources and affordable baseload generation.

**Additional Information.** The Carbon Sequestration Science Assessment was conducted by ISU and the final report will be delivered to the Task Force on December 15, 2021. The report will be published on the [ISU Extension Store](#) website on January 10, 2022.

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