

ILLINOIS POLLUTION CONTROL BOARD

January 23, 2014

MARATHON PETROLEUM COMPANY, LP)
(Flare Header Project, Low Pressure Flare)
System No. 84F-104) (Parcel No. 51-34-1-21),)
)
Petitioner,)
)
v.) PCB 14-98
) (Tax Certification - Air)
ILLINOIS ENVIRONMENTAL)
PROTECTION AGENCY,)
)
Respondent.)

ORDER OF THE BOARD (D. Glosser):

On December 19, 2013, the Illinois Environmental Protection Agency (Agency) filed a recommendation that the Board certify a certain facility of Marathon Petroleum Company, LP (Marathon) as a “pollution control facility” for preferential tax treatment under the Property Tax Code. *See* 35 ILCS 200/11-5 *et seq.* (2012); 35 Ill. Adm. Code 125. The facility is associated with Marathon’s Robinson refinery, a petroleum refinery located at 400 South Marathon Avenue in Robinson, Crawford County. In this order, the Board describes the legal framework for tax certifications, discusses the Agency’s recommendation, and certifies that Marathon’s Flare Header Project for the Low Pressure Flare System No. 84F-104 is a pollution control facility.

LEGAL FRAMEWORK

Under the Property Tax Code, “[i]t is the policy of this State that pollution control facilities should be valued, at 33 1/3% of the fair cash value of their economic productivity to their owners.” 35 ILCS 200/11-5 (2012); *see also* 35 Ill. Adm. Code 125.200(a)(2). “For tax purposes, pollution control facilities shall be certified as such by the Pollution Control Board and shall be assessed by the Department [of Revenue].” 35 ILCS 200/11-20 (2012); *see also* 35 Ill. Adm. Code 125.200(a). Under the statute, the Board determines if the facilities are pollution control facilities; however, the Board is not authorized to assess a value of those facilities.

Under Section 125.202 of the Board’s procedural rules, a person may submit an application for tax certification to the Agency. *See* 35 Ill. Adm. Code 125.202. If the Agency receives a tax certification application, the Agency must file with the Board a recommendation on the application, unless the applicant withdraws the application. *See* 35 Ill. Adm. Code 125.204(a). Among other things, the Agency’s filing must recommend that the Board issue or deny tax certification. *See* 35 Ill. Adm. Code 125.204(a)(4). If the Board finds “that the claimed facility or relevant portion thereof is a pollution control facility . . . , the Pollution Control Board . . . shall enter a finding and issue a certificate to that effect.” 35 ILCS 200/11-25 (2012); *see also* 35 Ill. Adm. Code 125.216(a).

AGENCY RECOMMENDATION

The Agency states that it received a tax certification application from Marathon on or about December 27, 2012.¹ Rec. at ¶ 1. On December 19, 2013, the Agency filed a recommendation on the application with the Board, attaching Marathon’s application (Rec. Exh. A). The Agency’s recommendation identifies the facility at issue:

The subject matter of this request consists of a Flare Header Project for the Low Pressure Flare System No. 84F-104, which was undertaken at the refinery to replace certain relief valves that historically vented to the atmosphere. As described in the application, the project consisted of the construction and installation of a new flare header (or manifold) to the flare system. The project was designed to “eliminate the process unit atmospheric relief valves to prevent the potential release of hydrocarbons to the atmosphere.” As part of this effort, the existing relief valves for the Crude Atmospheric Column, the Unicracker Splitter Column and the BT Tower were routed to the flare system. In addition, the project included the replacement of the existing flare system equipment, namely the knockout drum and the flare stack, so that the flare system could accommodate the additional vent stream load. Rec. at ¶ 3 (quoting Rec. Exh. A; citations omitted).

The Agency further describes the facility: “The project will result in the flare system achieving an estimated ninety-eight (98) percent combustion efficiency, and will act to prevent or reduce emissions of air contaminants that would otherwise be released to the atmosphere.” Rec. at ¶ 3.

The Agency recommends that the Board certify that the Marathon’s Flare Header Project for the Low Pressure Flare System No. 84F-104 is a pollution control facility as defined in Section 11-10 of the Property Tax Code (35 ILCS 200/11-10 (2012)) with the primary purpose “to prevent or reduce air pollution.” Rec. at ¶¶ 6, 7; *see also* Rec. Exh. B (Agency technical memorandum).

TAX CERTIFICATE

Based upon the Agency’s recommendation and Marathon’s application, the Board finds and certifies that Marathon’s Flare Header Project identified in this order is a pollution control facility under the Property Tax Code (35 ILCS 200/11-10 (2012)). The Board makes no finding regarding the assessed value of that facility. Under Section 11-25 of the Property Tax Code, the effective date of this certificate is “the date of application for the certificate or the date of the construction of the facility, which ever is later.” 35 ILCS 200/11-25 (2012); *see also* 35 Ill. Adm. Code 125.216(a). Section 125.216(d) of the Board’s procedural rules states that the Clerk “will provide the applicant and the Agency with a copy of the Board’s order setting forth *the Board’s findings and certificate, if any.*” 35 Ill. Adm. Code 125.216(d) (quoting in italics 35 ILCS 200/11-30 (2012)). The Clerk therefore will provide Marathon and the Agency with a copy of this order.

¹ The Agency’s recommendation is cited as “Rec. at _.”

IT IS SO ORDERED.

Section 11-60 of the Property Tax Code provides that any applicant or holder aggrieved by the issuance, refusal to issue, denial, revocation, modification or restriction of a pollution control certificate or a low sulfur dioxide emission coal fueled device certificate may appeal the Board's finding and order to the Circuit Court under the Administrative Review Law (735 ILCS 5/3-101 *et seq.* (2012)). *See* 35 ILCS 200/11-60 (2012).

I, John T. Therriault, Clerk of the Illinois Pollution Control Board, certify that the Board adopted the above order on January 23, 2014, by a vote of 4-0.

A handwritten signature in black ink that reads "John T. Therriault". The signature is written in a cursive style with a long horizontal flourish at the end.

John T. Therriault, Clerk
Illinois Pollution Control Board