

ILLINOIS POLLUTION CONTROL BOARD
September 8, 2011

MARATHON PETROLEUM COMPANY,)
LLC, Reformulated Gasoline Blending System)
(Property Identification Number 51-34-021-)
001),)
)
Petitioner,)
)
v.) PCB 12-36
) (Tax Certification - Air)
ILLINOIS ENVIRONMENTAL)
PROTECTION AGENCY,)
)
Respondent.)

ORDER OF THE BOARD (by G.T. Girard):

On August 25, 2011, the Illinois Environmental Protection Agency (Agency) filed a recommendation that the Board certify certain facilities of Marathon Petroleum Company, LLC (Marathon) as “pollution control facilities” for preferential tax treatment under the Property Tax Code. *See* 35 ILCS 200/11-5 *et seq.* (2010); 35 Ill. Adm. Code 125. Marathon’s refinery is located 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 Reformulated Gasoline Blending System are pollution control facilities.

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 (2010); *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 (2010); *see also* 35 Ill. Adm. Code 125.200(a).

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 (2010); *see also* 35 Ill. Adm. Code 125.216(a).

AGENCY RECOMMENDATION

The Agency states that it received a tax certification application from Marathon on December 9, 2008.¹ Rec. at 1. On August 25, 2011, the Agency filed a recommendation on the application with the Board, attaching the application. The Agency's recommendation identifies the facilities at issue:

a Reformulated Gasoline Blending System ... was installed to enable refinery operations to manufacture reformulated gasoline (RFG) in accordance with the Clean Air Act's specifications. The primary component of the blending system is the distributed control system, together with computer, hardware and software packages, two gas chromatographs and laboratory equipment. As stated in the application, the equipment allowed the refinery to both 'measure and control' the vapor pressures of the RFG (both processed blend streams and final product) in order to comply with certain specifications promulgated by USEPA. The blending system provides the refinery with on-line analyses and removal capabilities for manufacturing RFG to meet regulatory requirements, which were designed to reduce the volatility of emissions from the larger gasoline pool supplied to consumers. *Id.* at 2-3.

The Agency's recommendation further describes the facilities:

the project was geared towards both analyzing and controlling the vapor pressures of the RFG streams and final product so that the regulatory requirements pertaining to RFG are met. In this capacity, the project is similar to other requests previously recommended for tax certification by the Illinois EPA and approved by the Board: they reflect efforts to achieve compliance with federal and/or state regulations designed to make certain manufactured products less harmful to the environment. The project has a principal aim of achieving the prevention and/or reduction in the presence of air contaminants in the RFG produced at the refinery. And because the blending system is inherently involved in preventing or reducing air pollution, it is distinguishable from such systems or devices that lack any relationship to matters affecting pollution control." Rec. at 2.

The Agency's recommendation also identifies the location of the facilities: parcel 51-34-021-001, Crawford County, Illinois. *Id.*

The Agency recommends that the Board certify that the identified facilities are pollution control facilities as defined in Section 11-10 of the Property Tax Code (35 ILCS 200/11-10 (2010)) with the primary purpose of "to prevent, eliminate or reduce air pollution." Rec. at 3.

¹ The Agency's recommendation is cited as "Rec. at _."

TAX CERTIFICATE

Based on the Agency's recommendation and Marathon's application, the Board finds and certifies that Marathon's facilities identified in this order are pollution control facilities under the Property Tax Code (35 ILCS 200/11-10 (2010)). 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 (2010); *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 (2010)). The Clerk therefore will provide Marathon and the Agency with a copy of this order.

IT IS SO ORDERED.

Section 41(a) of the Environmental Protection Act provides that final Board orders may be appealed directly to the Illinois Appellate Court within 35 days after the Board serves the order. 415 ILCS 5/41(a) (2010); *see also* 35 Ill. Adm. Code 101.300(d)(2), 101.906, 102.706. Illinois Supreme Court Rule 335 establishes filing requirements that apply when the Illinois Appellate Court, by statute, directly reviews administrative orders. 172 Ill. 2d R. 335. The Board's procedural rules provide that motions for the Board to reconsider or modify its final orders may be filed with the Board within 35 days after the order is received. 35 Ill. Adm. Code 101.520; *see also* 35 Ill. Adm. Code 101.902, 102.700, 102.702.

I, John Therriault, Assistant Clerk of the Illinois Pollution Control Board, certify that the Board adopted the above order on September 8, 2011, by a vote of 5-0.



John Therriault, Assistant Clerk
Illinois Pollution Control Board