

# Marathon Seeks \$247M In Alternative Fuel Tax Refunds

By **Anna Scott Farrell**

Law360 (January 25, 2024, 5:55 PM EST) -- Energy giant Marathon Petroleum told an Ohio federal court Thursday that the government owes it \$247 million in excise tax refunds, saying the Internal Revenue Service has refused to allow the company tax credits for producing alternative fuel mixtures that include propane and ethane.

Findlay, Ohio-based Marathon Petroleum Co. LP **is requesting** the refunds for the third and fourth quarters of 2014, periods when it produced mixtures containing substances that "undoubtedly qualify" as alternative fuels under Internal Revenue Code [Section 6426\(e\)](#), the company said.

"This suit has become necessary because the government for years has failed to abide by the unambiguous definitions in the statute and has failed to take action on MPC's refund claims," Marathon said in the complaint.

Marathon requested the refunds on amended returns filed in 2017, according to the complaint. The company said it produced various fuel mixtures during the quarters at issue, including one that contained the alternative fuels propane and ethane mixed with butane; a butane-gasoline mixture; and a mixture of butane and the alternative fuels propane, ethane and compressed natural gas.

While the government considers butane, like gasoline, a taxable fuel, the company is entitled to the tax credits because each mixture contains alternative fuels as defined by IRC [Section 6426\(d\)](#), Marathon said.

Further, liquified petroleum gas is considered an alternative fuel under the law, and both U.S. Department of the Treasury regulations and the oil and gas industry consider propane, ethane and butane to be liquified petroleum gas, the company said.

Marathon sold its propane mixtures commercially, typically for fuel for cooking grills and homes, it said. The company said it also bought and produced butane, which it blended with gasoline to sell butane-gas mixtures. And it sold what it called "plant gas" mixtures containing propane, ethane, compressed natural gas and butane to power its refineries, the company said.

Because more than six months have passed since Marathon filed its amended returns requesting the refunds, and the IRS has neither paid nor denied the refunds, the company is entitled to sue, it said.

The U.S. Department of Justice, Tax Division, declined to comment.

Attorneys for Marathon did not respond to a request for comment.

Marathon is represented by Louis E. Tosi and Mark D. Wagoner Jr. of Shumaker Loop & Kendrick LLP.

Counsel information for the U.S. wasn't available.

The case is Marathon Petroleum Co. LP v. U.S., case number 3:24-cv-00147, in the U.S. District Court for the Western District of Ohio.

--Editing by Aaron Pelc.

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