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## **Circuit Court Shuns Butane Additive in Fuel Mixture Credit Case**

### **Quote by Pete Lowy in Circuit Court Shuns Butane Additive in Fuel Mixture Credit Case**

*Tax Notes*

July 1, 2021

In an article published on July 1, 2021 in Tax notes, Peter Lowy, Co-Chair of Chamberlain Hrdlickas state and local tax practice, comments on the recent Seventh Circuits opinion whether butane qualifies as an alternative fuel for purposes of the tax credit. He also notes the significance of the decisions timing, given the Fifth Court is yet to make a decision in Vitol Inc. v. United States, addressing the question whether butane is a liquefied petroleum gas under section 6426(d)(2).

In a two-part statutory inquiry, the Seventh Circuit addressed whether butane qualifies as a taxable fuel for purposes of the alternative fuel mixture tax credit, and if so, whether it can also qualify as an alternative fuel for the same purpose. Following its analysis, the court held that U.S. Ventures butane-gasoline mixture doesnt qualify for the alternative fuel mixture credit.

Lowy told Tax Notes that the Seventh Circuits repeated references to that paradigm, implying that . . . there was no reason, and Congress couldnt have intended, to incentivize the butane additive, along with the governments assertion that theres nothing alternative about gasoline that has butane added to it, makes one wonder how much the practical, rather than the technical drove the outcome.