



Temporary Penalty Relief for On-Road Use of Dyed Diesel Fuel for Farming and Agricultural Purposes, Effective October 6, 2026, through December 31, 2026

To: Users of dyed diesel fuel for farming and agricultural purposes

In response to the ongoing diesel fuel crisis, temporary penalty relief has been authorized for use of dyed diesel fuel on highways and state roads for farming and agricultural purposes in Illinois.

To support continued farming and agricultural operations, the Illinois Department of Revenue (IDOR), in coordination with the Illinois State Police (ISP), will temporarily suspend penalties for certain on-road uses of dyed diesel fuel.

What is dyed diesel fuel?

Dyed diesel fuel is any special fuel that has been dyed per Section 4d of the Motor Fuel Tax Law (35 ILCS 505/4d). Dyed diesel fuel is used for nontaxable, non-highway purposes. Only those who are licensed in Illinois as a distributor of motor fuel may sell dyed diesel fuel. Only a licensed distributor may sell dyed diesel fuel tax-free to the end user.

Illinois Executive Order 2026-08, authorizes temporary penalty relief for use of dyed diesel fuel on highways and state roads for farming and agricultural purposes in Illinois.

Why is temporary relief being offered?

Governor JB Pritzker has issued a statewide disaster proclamation designating all Illinois counties as disaster areas because of the diesel fuel crisis. The proclamation cites:

- record high diesel prices;
- global supply chain disruptions;
- low fuel inventories; and
- increased transportation costs for agricultural commodities.

Since agriculture is essential to Illinois's economy, temporary regulatory relief is needed to help continue operations during the crisis.

What dyed diesel relief is being offered?

IDOR does not assess motor fuel tax on end-users of dyed diesel fuel who are found to be using dyed diesel for on-road purposes. IDOR issues penalties against these end-users.

Under Executive Order 2026-08:

- IDOR and ISP will not impose penalties for the sale, purchase, possession, or use of dyed diesel fuel in on-road vehicles used for farming and agricultural purposes.
- This relief applies only during the period beginning October 6, 2026, and ending December 31, 2026.

Normal enforcement resumes January 1, 2027.

Does this relief apply at the federal level?

President Donald J. Trump signed an **Executive Order** on October 5, 2026, authorizing highway use of tax-free dyed diesel and deferring the federal diesel excise tax through the end of the year. It is important to note that Illinois' penalty relief only applies to on-road use of dyed diesel for farming and agricultural purposes.

What records do users need to keep?

State penalty relief is available only for dyed diesel fuel used for farming and agricultural purposes relating to the transportation of agricultural goods from October 6 through December 31, 2026. To prove eligibility for penalty relief, users must keep the following documentation of dyed diesel used during the relief period:

- license plate number associated with the dyed diesel used;
- gallons used;
- fill up dates;
- date dyed diesel was last added to the vehicle; and
- proof the fuel was used for farming and agricultural purposes, including, but not limited to, the following, as applicable:
 - documentation showing source of origin of agricultural goods;
 - invoices of agricultural goods either received or delivered;
 - waybills or bills of lading;
 - trip sheets;
 - transportation contracts; and
 - storage receipts (e.g. grain tickets).

Residual dye can remain in a fuel tank for months, even after switching back to clear diesel. To avoid penalties once enforcement resumes, users must keep all of the following:

- documentation showing the vehicle's odometer reading on the final day of the relief period;
- receipts for all fuel purchased after dyed diesel use ends; and
- proof the fuel was used for farming and agricultural purposes during the relief period as set out above.

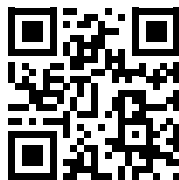
Failure to provide required documentation during an audit may result in penalties. Users affected by Executive Order 2026-08 must maintain fuel records for a period of **FOUR YEARS**.

Are other Illinois State agencies involved?

Yes. IDOR, ISP, and Illinois Department of Transportation (IDOT) have all been directed to assist with implementing Executive Order 2026-08 and evaluating whether additional support measures are necessary for farming and agricultural operations. IDOR will not enforce administrative or criminal penalties against distributors of motor fuel making sales of dyed diesel fuel to end-users entitled to relief under the Executive Order. Further, IDOR will not make referrals to any prosecuting or law enforcement agency relating to such conduct.

Where can I find additional resources?

- Dyed Diesel General Information and Requirements on IDOR's website at tax.illinois.gov/research/taxinformation/motorfuel/dyeddieisel-requirements.
- IDOR at tax.illinois.gov.
- ISP at isp.illinois.gov.
- IDOT at idot.illinois.gov.
- For Motor Fuel Tax Questions (Motor Fuel Distributors), email IDOR at rev.mf@illinois.gov or call 217-782-2291.
- For Motor Fuel Use Tax Questions (IFTA), email IDOR at rev.ifta@illinois.gov or call 217-785-1397.



Printed by the authority of the State of Illinois, electronic only, one copy

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

Sign up for IDOR's email and SMS text subscription service to receive the latest news and updates. Visit tax.illinois.gov to learn more.
FY 2027-07 (N-10/26)