Illinois Department of Revenue

Dyed Diesel Fuel Enforcement Program

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. Dyed diesel fuel must contain the dye Solvent Red 164 at a concentration spectrally equivalent to at least 3.9 pounds of the solid dye standard Solvent Red 26 per thousand barrels of special fuel. The dye must be added prior to removal from a terminal rack. Since January 1, 2000, Illinois' Motor Fuel Tax Law has required all special fuel sold or used for non-highway purposes to be dyed.

We may require all special fuel sold for non-highway use to have a marker added.

Who can sell dyed diesel fuel? (35 ILCS 505/6(7))

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 for non-highway purposes when the fuel is:

- delivered from a vehicle designed for the specific purpose of such sales and delivered directly into a stationary bulk storage tank that displays the dyed diesel notice required by Section 4f of the Motor Fuel Tax Law (35 ILCS 505/4f);
- delivered from a vehicle designed for the specific purpose of such sales and delivered directly into the fuel supply tanks of non-highway vehicles that are not required to be registered for highway use; or
- dispensed from a dyed diesel fuel dispensing facility that has withdrawal facilities that are not readily accessible to and are not capable of dispensing dyed diesel fuel into the fuel supply tank of a motor vehicle.

Why is some diesel fuel dyed? (35 ILCS 505/4d)

Diesel fuel that is used for non-highway purposes and is purchased tax-free is dyed red so it can be identified as a fuel that may not be used in motor vehicles required to be registered for highway purposes or recreational-type watercraft on the waters of this state.

Thus, the red dye added to the diesel fuel will assist the Illinois Department of Revenue (IDOR) in identifying those individuals who misuse dyed diesel fuel.

What diesel fuel may be used in a licensed motor vehicle? (35 ILCS 505/2(b))

The only diesel fuel that is allowed in the ordinary fuel tanks of a motor vehicle required to be registered for highway purposes or a recreational-type watercraft on the waters of this state is tax-paid, undyed diesel fuel.

How may dyed diesel fuel be used? (35 ILCS 505/4d)

Dyed diesel fuel may be used in any diesel powered equipment that is not required to be registered for highway purposes and is not a recreational-type watercraft on the waters of this state.

Some examples of diesel-powered equipment that may use dyed diesel fuel are as follows: agricultural field equipment, construction bulldozers, backhoes, graders; earth movers; logging equipment; drilling equipment; trenching machines; industrial forklifts; generators; lawn tractors; railroad locomotives and commercial marine vessels.

What notice and storage requirements are there for dyed diesel fuel? (35 ILCS 505/4e, 4f)

All bills of lading, and invoices accompanying any sale of dyed diesel fuel shall have a legible and conspicuous notice stating **"Dyed Diesel Fuel, Nontaxable Use Only, Penalty For Taxable Use."**

All storage containers, storage tanks, or facilities used to store or distribute dyed diesel fuel shall have a legible and conspicuous notice on them stating **"Dyed Diesel Fuel, Nontaxable Use Only."**

How will the IDOR be enforcing this? (35 ILCS 505/12a)

Any duly authorized agent of IDOR, upon presenting appropriate credentials and a written notice to the person who owns, operates or controls the place to be inspected, may:

- enter any place, as described below, in a reasonable manner and at a reasonable time to conduct an inspection. The inspection may be at any place at which taxable motor fuel is or may be produced or stored, such as a terminal, fuel storage facility, retail fuel facility or a designated inspection site.
- physically inspect or search any tank, reservoir, container, or equipment used for production, storage, or transportation of fuel dye, or fuel markers. Records may also be inspected.
- detain any motor vehicle, train, barge, ship, vessel, or recreational-type watercraft for the purpose of inspecting its fuel tanks and storage tanks. Detainment will be either on the premises under inspection or at a designated inspection site.
- take and remove samples of fuel to determine the composition of the fuel.

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What if a person refuses to allow an inspection? (35 ILCS 505/12a(h))

Any person refusing to allow an inspection shall pay a $1,000 penalty for each refusal. Also, a motor fuel licensee refusing to allow an inspection is subject to revocation of the license.

What are some examples of dyed diesel fuel violations?

It is a violation:

- to have dyed diesel fuel in the ordinary fuel tanks attached to a motor vehicle required to be registered for highway purposes or in the ordinary fuel tanks attached to a recreational-type watercraft on the waters of this state.
- to have tax-paid diesel fuel blended with tax-free dyed diesel fuel in the ordinary fuel tanks attached to a motor vehicle required to be registered for highway purposes or in the ordinary fuel tanks attached to a recreational-type watercraft on the waters of this state.
- to have tax-paid diesel fuel blended with transmission fluid and/or additives, which contain the dye Solvent Red 164, in the ordinary fuel tanks attached to a motor vehicle required to be registered for highway purposes or in the ordinary fuel tanks attached to a recreational-type watercraft on the waters of this state.
- if the statement **"Dyed Diesel Fuel, Nontaxable Use Only"** is not on bills of lading and invoices.
- if the statement **"Dyed Diesel Fuel, Nontaxable Use Only"** is not on containers or tanks for dyed diesel fuel.
- if dyed diesel is sold, by a licensee, at a facility that has withdrawal facilities capable of delivering dyed diesel to the supply tank of a motor vehicle.

There is a **ZERO** tolerance for dyed diesel fuel in the ordinary fuel tanks attached to a motor vehicle required to be registered for highway purposes or in the ordinary fuel tanks attached to a recreational-type watercraft on the waters of this state.

Can a person be criminally prosecuted for a dyed diesel fuel violation? (35 ILCS 505/15)

Any person who knowingly:

- sells or distributes dyed diesel fuel without the required dyed diesel fuel notice is guilty of a petty offense on the first violation and a Class A misdemeanor for each subsequent violation.
- owns, operates or controls any container, storage tank or facility used to store or distribute dyed diesel fuel without the required dyed diesel fuel notice is guilty of a petty offense on the first violation and a Class A misdemeanor for each subsequent violation.
- sells or attempts to sell dyed diesel fuel for highway use or for use by recreational-type watercraft on the waters of this state is guilty of a Class 4 felony. Each subsequent offense is a Class 2 felony.
- possesses dyed diesel fuel for highway use or for use by recreational-type watercraft on the waters of this state is guilty of a Class A misdemeanor. Each subsequent offense is a Class 4 felony.

What are the penalties for dyed diesel fuel violations? (35 ILCS 505/15)

Penalties for violations are as follows:

■ penalty for dyed diesel fuel found in the ordinary fuel tanks of a motor vehicle required to be registered for highway purposes or a recreational-type watercraft on the waters of this state.	$1,000
■ penalty for a second and each subsequent occurrence.	$5,000
■ penalty for any person selling or transporting dyed diesel fuel without the required dyed diesel fuel notice on all bills of lading and invoices.	$500
■ penalty for a second and each subsequent occurrence.	$1,000
■ penalty for any person who owns, operates, or controls a container, storage tank, or facility used to store or distribute dyed diesel fuel without the required dyed diesel fuel notice.	$500
■ penalty for a second and each subsequent occurrence.	$1,000
■ penalty for any licensed motor fuel distributor who sells or attempts to sell dyed diesel fuel for highway use or for use by recreational-type watercraft on the waters of this state.	$1,000
■ penalty for a second and each subsequent occurrence.	$5,000

Questions?

For more information, visit our web site at **tax.illinois.gov**

If you have questions about dyed diesel fuel you may call us weekdays between 8:00 a.m. and 4:30 p.m. at:

217 782-2291

Or write us at: ALCOHOL, TOBACCO, & FUEL DIVISION
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19467
SPRINGFIELD IL 62794-9467
REV.MF@illinois.gov

If you have questions about dyed diesel fuel violations or wish to report evidence of a violation, visit our website at Report Tax Fraud On-line. You may also call us weekdays between 8:30 a.m. and 5:00 p.m. at:

1 800 CHEAT-11 (243-2811)

Or write us at: BUREAU OF CRIMINAL INVESTIGATIONS
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19014
SPRINGFIELD IL 62794-9014