

Emergency Tax Relief on Diesel Fuel

On October 5, 2026, President Trump issued Emergency Tax Relief on Diesel Fuel, directing federal agencies to temporarily provide excise tax relief and enforcement relief associated with the use of dyed diesel fuel on public highways through December 31, 2026. The Administration states the objective is to reduce diesel fuel costs for truckers, farmers, and consumers while responding to elevated diesel prices and supply challenges.

Pennsylvania faces a unique legal and policy situation. Current Pennsylvania law generally prohibits highway use of dyed diesel fuel but expressly permits such use when authorized by federal law or regulation. Consequently, the Commonwealth may already possess statutory authority to accommodate the federal policy without legislative changes.

BACKGROUND

What Is Dyed Diesel?

Dyed diesel (commonly called "red diesel") is chemically identical to standard diesel fuel. The distinction is tax treatment. Dyed diesel is exempt from certain motor fuel taxes because it is intended for off-road uses such as:

- Farming
- Construction
- Forestry
- Mining
- Stationary engines
- Heating applications

To prevent tax avoidance, federal and state laws generally prohibit its use in vehicles operating on public highways. Historically, enforcement has involved:

- Fuel tank inspections
- Fuel sampling
- Significant civil penalties
- Criminal penalties

FEDERAL EXECUTIVE ORDER

On October 5, 2026, President Trump signed Emergency Tax Relief on Diesel Fuel. The Executive Order directs:

Treasury Department Actions

Treasury is directed to determine whether federal authority exists to defer diesel fuel tax obligations incurred between October 5, 2026 and December 31, 2026.

IRS Enforcement Relief

The IRS is directed not to impose certain penalties associated with the highway use of dyed diesel fuel during the relief period.

Expanded Fuel Access

Federal agencies are directed to facilitate access to dyed diesel supplies and coordinate implementation efforts with states.

Federal Affordability Goals

The White House states the action is intended to lower diesel costs for truckers and farmers, with estimated savings exceeding \$100 per fill-up in jurisdictions that provide complementary relief.

PENNSYLVANIA LAW

Pennsylvania regulates dyed diesel under Title 75. The relevant statutory language provides:

"A person may not operate a motor vehicle on the public highways of this Commonwealth if the fuel supply tanks of the vehicle contain dyed diesel fuel unless permitted to do so under a Federal law or regulation relating to the use of dyed diesel fuel on the highways."

This language is particularly important because it creates a direct exception tied to federal authorization. Unlike many states that require emergency action to suspend statutory prohibitions, Pennsylvania law already anticipates federal authorization scenarios.

Central Legal Question

The key question is:

Does the Executive Order and resulting Treasury/IRS guidance constitute federal authorization sufficient to activate Pennsylvania's statutory exception?

If yes, Pennsylvania may not need legislative changes to permit dyed diesel highway use during the federal relief period.

EXISTING PENALTIES UNDER PENNSYLVANIA LAW

Criminal Penalties

- Violations may result in:
- Fines ranging from \$100 to \$2,000.
- Imprisonment for up to 90 days.
- Or both.

Civil Penalties

Violators may be assessed:

- \$1,000, or
- \$10 per gallon involved,
- whichever amount is greater.
- Repeat offenders are subject to escalating penalties.

These provisions create significant liability concerns for truckers and fuel distributors pending Commonwealth guidance.