

# Federal Executive Order on Dyed Diesel

*What Ohio agribusinesses and farmers need to know*

**BOTTOM LINE FOR OHIO:** Continue using dyed diesel for normal off-road agricultural uses. For highway vehicles, OABA recommends continuing to use clear diesel until Treasury/IRS guidance is issued and Ohio confirms how the federal action interacts with Ohio law.

## WHAT THE PRESIDENTIAL ORDER DOES

- President Trump signed the order on October 5, 2026, directing Treasury and the IRS to provide temporary federal diesel-tax and dyed-fuel penalty relief through December 31, 2026.
- The IRS is directed to announce that it will not impose the federal dyed-fuel misuse penalty under IRC §6715 for highway use during the covered period.
- Treasury is directed to determine within five days whether it may defer certain federal backup excise-tax liabilities. The order does not itself eliminate all federal fuel taxes.

## PRACTICAL IMPACT IN OHIO

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Off-road farm equipment           | No practical change. Dyed diesel may continue to be used in tractors, combines and other qualifying off-road equipment under existing rules.                                                                                                                                                                                                                                                       |
| On-road trucks using clear diesel | Ohio’s temporary fuel-tax reduction under HB 519 already reduces the state gasoline and diesel tax to \$0.0001 per gallon from Oct. 4, 2026 through Jan. 2, 2027. Clear diesel remains the safest choice for highway vehicles while federal implementation is pending.                                                                                                                             |
| Dyed diesel in an on-road truck   | Do not assume it is authorized in Ohio yet. Ohio law generally carries a penalty of at least \$1,000 (or \$10 per gallon/tank capacity, whichever is greater) for prohibited highway use of dyed diesel, with an exception tied to persons permitted by Treasury/IRS regulations. How the new federal relief satisfies that exception should be clarified before members change fueling practices. |

**OABA RECOMMENDATION:** Do not place dyed diesel in a highway vehicle based solely on the White House announcement. Watch for IRS/Treasury implementation guidance and direction from the Ohio Department of Taxation. OABA will continue monitoring developments and update members as guidance becomes available.

**Key sources:** White House Executive Order, “Emergency Tax Relief on Diesel Fuel” (Oct. 5, 2026); Ohio R.C. 5735.124; Ohio HB 519; IRS Publication 510.  
*This member alert is provided for general informational purposes and is not legal or tax advice. Guidance may change as federal and state agencies implement the Executive Order.*