Illinois Department of Revenue

Dyed Diesel Fuel Enforcement Program

What is dyed diesel fuel?

The Illinois Motor Fuel Tax Law as of January 1, 2000, requires that all special fuel sold or used for non-highway purposes must be dyed. 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.

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

Who can sell dyed diesel fuel?

Only those who are licensed in Illinois as a distributor of motor fuel or a supplier of special fuel may sell dyed diesel fuel.

Only a licensed distributor or supplier 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;
- 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 fuel vehicle.

Why is some diesel fuel dyed?

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 department in identifying those individuals who misuse dyed diesel fuel.

What diesel fuel may be used in a licensed motor vehicle?

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?

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: agriculture 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 requirements are there for dyed diesel fuel?

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 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 department be enforcing this?

Any duly authorized agent of the department 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. Books and 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.