Temporary Suspension of Iowa and Federal Dyed Diesel Penalties and Fuel Tax Obligations
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The Iowa Department of Transportation has collaborated with the Iowa Department of Revenue and the Iowa State Patrol to provide information to motor carriers about the recent Iowa proclamation and federal executive order concerning use of dyed diesel fuel.

Summary / key message

- Iowa Governor Reynolds issued a temporary disaster proclamation allowing vehicles to use dyed diesel fuel on Iowa highways including the interstate, without Iowa penalties, when hauling specific agricultural products from October 5, 2026, through February 4, 2027.

- The state-level proclamation suspends related state fuel-tax obligations, including sales tax, use tax, and special fuel tax that would normally apply when dyed diesel is sold, purchased, or used on public roads. Qualifying carriers are not subject to either state penalties or state fuel tax liability for dyed diesel use during the emergency period.

- President Trump issued a federal Executive Order directing the Internal Revenue Service (IRS) to not impose federal dyed diesel penalties for any on-highway use of dyed diesel between October 5 and December 31, 2026.

- The Iowa relief only applies to vehicles hauling the listed commodities. The federal relief does not override the state level restrictions, and this document is based solely on the Iowa state requirements.

Anticipated questions / answers

1. What are the specific commodities that must be carried under the Iowa proclamation?

   The proclamation is for vehicles hauling several agricultural products – soybeans, corn, hay, straw, silage, stover, distillers grains, soybean meal, livestock, livestock feed, fertilizer (dry, liquid, and gas), manure (dry and liquid) and other farm products described in Iowa Code section 554.9102(1)(am).

2. Where does the Iowa allowance apply?

   The Iowa proclamation applies for any public road operation in Iowa, including Interstate, primary roadways, and county / local roads.

3. Can anyone else use dyed diesel in Iowa for public roadway use?

   No. The proclamation does not change other fuel-tax requirements or transportation laws. Drivers may not use dyed diesel in personal vehicles unless they are used for hauling the products listed above. Motor carriers cannot use dyed fuel to haul any products outside of the specified commodities.

4. If I have a truck registration in Iowa but I haul within air mile restrictions outside of Iowa, such as to a Missouri co-op, may I use dyed diesel?

This waiver applies only to movements on Iowa public roadways. If you have dyed diesel fuel in the tank and are inspected in another state, you may be found out of compliance with the laws in that state. Please check the laws in each state.

5. If other states that connect to Iowa allow the use of dyed diesel, can I use it for an interstate load between Iowa and those other states?

   If you are confident that the same allowances for using dyed diesel while hauling the specific commodities apply in a connecting state, and you have proper interstate hauling privileges, then you can make that trip at your own discretion. Please check the laws in each state.

6. What happens if I legally use the dyed diesel, but I still have some in my tank – or residual dye in the tank – after the proclamation ends?

   This waiver expires at the end of February 4, 2027. If the proclamation is not extended and you have dyed diesel in your fuel tanks starting on February 5, you could be found out of compliance during an inspection. Motor carriers may want to keep receipts and records documenting purchase and use of dyed diesel.

7. Who enforces dyed diesel laws in Iowa?

   The Iowa Department of Revenue administers dyed diesel tax penalties and state fuel-tax obligations at the state level. The federal Internal Revenue Service leads the compliance and enforcement of federal dyed diesel penalties and tax compliance. The Iowa Department of Public Safety's Iowa State Patrol Commercial Motor Vehicle Unit conducts motor carrier inspections.

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