



Lowering Costs for Farmers: Providing Penalty Relief for Use of Farm Diesel During the Harvest Season

Diesel prices have reached record highs during harvest, the most fuel-intensive period of the agricultural production. Governor Stein is working with Secretary of Revenue McKinley Wooten to provide penalty relief for highway use of red-dyed diesel fuel through the end of 2026. This suspension will lessen financial pressure on farmers and, down the line, help grocery prices go up less. Governor Stein also wrote to the Internal Revenue Service requesting federal penalty relief for the use of the same fuel.

“North Carolina farmers have been feeling the squeeze of tariffs, drought, crop loss, and skyrocketing diesel prices,” **said Governor Josh Stein.** “And families are struggling with the cost of groceries. Today I am working to ease the burden on farmers during their most fuel-intensive time of year and reduce the upward pressure on the cost of food. I urge the federal government to join me in providing the same relief to North Carolina farmers and families.”

What is red-dyed diesel?

- Red-dyed diesel, also known as farm diesel, is regular diesel with a red dye added to indicate the diesel has not been taxed.
- Red-dyed diesel is not allowed for use on public highways. Instead, it is allowed for only off-road uses such as farming.
- Agriculture is North Carolina’s biggest industry, employing one out of every five North Carolinians and generating \$117 billion in annual economic activity.

How are high diesel prices impacting farmers?

- Throughout September, diesel prices have reached record highs, with the price per gallon reaching \$6.25 in North Carolina.
- Domestic inventories of diesel this month sank to a record low, with 107.9 million barrels on hand, according to the US Energy Information Administration.
- These high prices present significant hardship for North Carolina farmers as they begin conducting the harvest operations that are critical to ensuring North Carolina’s farm goods reach markets abroad and our own tables here at home.

How is Governor Stein lowering costs for farmers?

- Governor Stein directed the North Carolina Department of Revenue to temporarily lift the penalty on highway use of red-dyed diesel fuel.
- Governor Stein also wrote to the Internal Revenue Service requesting federal penalty relief for the use of the same fuel.
- This action follows outreach from the North Carolina Farm Bureau highlighting record-high diesel prices at harvest time.



- Because many of North Carolina’s agricultural producers have stores of dyed diesel fuel on hand for off-road use, suspending enforcement of this penalty will lessen financial pressure on farmers.
- Amid record high costs, farmers can choose to use this fuel on the road during harvest operations and pay the appropriate excise tax for this use when they file their tax returns. See [Dyed Diesel Notice | NCDOR](#) for more details.

What They’re Saying:

“North Carolina Farm Bureau greatly appreciates Governor Josh Stein’s action today providing farmers timely and meaningful relief as they face record-high diesel prices at harvest time,” **said Shawn Harding, President of the North Carolina Farm Bureau.** “Diesel expenses have been the number one concern I’ve heard from farmers in what has already been a challenging year, and this week North Carolina Farm Bureau and the agricultural community joined in a letter asking Governor Stein for help. This action comes less than a day after he received our letter, and we are truly grateful for these effective and practical measures toward protecting and preserving North Carolina’s farm businesses.”