

Important Industry Update: Temporary Dyed Diesel Rules for Commercial Vehicles

Many of you are aware of President Trump's recent executive order waiving restrictions on using non-taxed, red-dyed diesel fuel on public highways for the timber and agriculture industries. Following this federal directive, Governor Gianforte's office issued a matching executive order for Montana on October 9, 2026.

After consulting with the Montana Department of Transportation (MDT) and other industry associations, we have gathered key details, compliance guidelines, and proactive ways to protect your business while running untaxed fuel.

Timeline and Differing Expiration Dates:

- Federal Order: Valid through December 31, 2026.
- Montana State Order: Valid through November 23, 2026.
- Note on the difference: Montana law limits this type of gubernatorial executive order to 45 days. However, the Governor does have the authority to renew it as the expiration date approaches.

Tax Savings and Financial Risks:

- Federal Tax (24.4¢/gallon): Under Section 4 of the federal order, the President intends to waive this tax completely. While the IRS took initial steps on October 14, 2026, to implement this change, there is still a possibility that federal taxes could be due at the end of the year if the process isn't finalized.
- State Tax (30.5¢/gallon): The Governor's order grants an immediate suspension of the enforcement of state fuel taxes, giving you a clear 30.5 cents per gallon benefit at the state level.
- Safety Best Practice: Keep detailed mileage logs and fuel receipts for all red-dyed diesel purchases. This documentation will protect you if questions arise later regarding exactly when and where the fuel was used.

Vehicle Qualification Requirements:

To comply with both state statute and the executive orders, these waivers only apply to commercial vehicles with a Gross Vehicle Weight (GVW) over 10,001 lbs.

- Standard Pickups: Do not qualify on their own.
- Pickups with Trailers: Qualify if the combined GVW exceeds 10,001 lbs.
- Heavy Commercial Trucks: Vehicles over 26,000 lbs. (such as log trucks) fully qualify.

What Happens When the Orders Expire?

We asked the MDT if DOT officers plan to immediately dip fuel tanks and issue fines the day after these orders expire (e.g., November 24 or January 1). The answer is no. While the official post-order protocol is still being finalized, the current plan is to offer a grace period. If a carrier is caught with red diesel in their highway tanks within 30 days after the orders expire, they will be issued a warning. The carrier will then have 7 days to either burn off the remaining fuel or pump it out. We will provide updates as soon as this policy is formalized.

IFTA Reporting Changes

The Montana DOT is actively updating its on-line portal so qualifying IFTA carriers can properly report red-dyed diesel use during the waiver period. MDT is currently drafting official guidance on how to submit these reports. As soon as that paperwork and portal functionality become available, we will share the instructions to help everyone stay compliant.

To be continued...

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