



Advisory

FUEL SPECIFICATIONS

Number 124

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RED DYED DIESEL ENFORCEMENT

The purpose of this advisory is to enlist the support of air pollution control districts in California in the national effort to prevent and detect the use of nontaxed diesel fuel for taxable use in California. The Air Resources Board (ARB) is working with the Internal Revenue Service (IRS) and the State Board of Equalization to stop this illegal activity.

Motor fuel tax evasion results in an estimated annual loss in excess of \$1 billion of Federal revenue. The magnitude of diesel fuel tax evasion fostered support for a national motor fuel coloring or marking program to differentiate taxable highway diesel fuel from non-taxable No. 2 distillate fuels used for other purposes, i.e. heating oil, boiler fuel, marine fuel, etc. Based on the experiences with diesel marking programs in other countries, such a program was determined to be feasible and would likely provide substantial benefits in the enforcement of diesel fuel taxes.

To improve fuel excise tax compliance, the Omnibus Reconciliation Act of 1993 changed the point of taxation for diesel fuel to the truck loading rack level and required the dying/marking (**RED DYE**) of all diesel fuel destined for non-taxable use. California has enacted analogous legislation which became effective on July 1, 1995.

Both pieces of legislation have a dyed fuel testing component. These components require inspections at any place where taxable diesel fuel is produced or stored, or at any inspection site where tax evasion may be discovered. Inspection sites may include highway inspection stations, agricultural inspection stations, or any other location designated by the IRS.

The ARB is working with the IRS to enforce the red dyed diesel fuel regulations. The ARB is being contracted by the IRS to conduct inspections of the fuel in the fuel tanks of diesel trucks used on the highways. The inspections will take place at inspection sites mentioned above. If a truck is found to have red diesel in its tanks(s), the driver will be assessed a penalty.

The ARB is requesting that any local air pollution control district in California having information regarding the use of **RED DYED DIESEL** in highway vehicles notify the ARB Hotline at (800) 952-5588.

If you have any questions regarding this advisory, please contact Mr. Dickman Lum of the Field Enforcement Section at (916) 327-1520.

Written inquiries may be sent to:

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