

NEFB's Quick Guide to President Trump's and Governor Pillen's Executive Orders on Diesel Fuel

The information below is NEFB's best interpretation of the Executive Orders signed by both President Trump and Governor Pillen. However, anyone who is interested in learning more about how these orders impact your individual operations should contact your local tax/accounting professional.

	Nebraska — EO 26-21	Federal — President Trump
Signed	Sept. 24, 2026	Oct. 5, 2026
Effective period	Sept. 24–Dec. 23, 2026	Oct. 5–Dec. 31, 2026
Red-dyed diesel on highway	Nebraska penalties suspended for qualifying agricultural use	IRS directed not to impose federal dyed-diesel penalty during relief period
Fuel tax	Nebraska tax paid on qualifying agricultural transportation can be refunded	Certain federal diesel taxes can be deferred if Treasury determines statutory authority applies
Permanent tax exemption?	No	No
Agricultural focus	Specifically covers transportation of Nebraska agricultural products	Broader federal relief for qualifying taxpayers
Refund option	Yes — Form 84AG	No federal refund mechanism established by the executive order
Federal tax waived?	No	Not currently — deferred, with Treasury directed to explore forgiveness

1. What Gov. Pillen's Nebraska Order Does:

Nebraska Executive Order 26-21 provides **90 days of state diesel-fuel relief**, running from September 24 through December 23, 2026. Nebraska Department of Revenue says qualified diesel used during that period is eligible for motor-fuel-tax relief.

Click this link for more information: [Nebraska Department of Revenue](#)

The order is particularly important for farmers, ranchers and livestock haulers because it applies to taxpayers transporting **Nebraska-sourced commercial agricultural products** on Nebraska highways and public roads.

That includes:

- Livestock
- Grain
- Other seasonally harvested agricultural products
- Transportation from the field to storage, market or stockpile
- Qualifying return trips

Nebraska DOR specifically says the relief applies to **Nebraska interstate system miles as well as other Nebraska public-road miles.**

Click this link for more information: [Nebraska Department of Revenue](#)

There are two ways farmers/ranchers can benefit:

Option 1 — Use clear diesel and claim a refund.

A producer can continue buying regular clear diesel, pay the Nebraska motor-fuel tax and then claim a refund for qualifying agricultural transportation using **Nebraska Form 84AG.**

Option 2 — Use dyed diesel for qualifying agricultural transportation.

Nebraska has temporarily suspended the applicable **Nebraska penalties** for qualifying dyed-diesel use.

Nebraska DOR says agricultural producers may use dyed diesel in trucks hauling agricultural commodities on public roads during the relief period. It also says a diesel pickup or service truck driving to the field for harvest is covered.

Click this link for more information: [Nebraska Department of Revenue](#)

2. Nebraska's \$0.0025 Dyed-Diesel Tax

Beginning October 1, 2026, Nebraska's LB 815 imposes a **\$0.0025-per-gallon tax on dyed diesel**. This tax replaces the \$0.003-per-gallon Petroleum Release Remedial Action Fee which was applied to dyed-diesel prior to October 1, 2026.

The governor's order allows that tax to be **refunded for qualifying agricultural use.**

So, if a producer buys dyed diesel beginning October 1 and pays that Nebraska tax, the producer can claim the \$0.0025/gallon back through Form 84AG if the fuel qualifies. Nebraska DOR specifically says **the tax itself isn't suspended; it is refundable.**

Click this link for more information: [Nebraska Department of Revenue](#)

3. What President Trump's Federal Order Does:

President Trump's October 5 executive order takes a different approach. The order directs the Treasury Secretary to determine whether federal law allows certain diesel fuel tax liabilities incurred between **October 5 and December 31, 2026**, to be deferred.

Click this link for more information: [The White House](#)

If Treasury determines the statutory requirements are satisfied, qualifying taxes can be deferred **without penalties, interest or additional amounts**, to the extent permitted by law.

Click this link for more information: [The White House](#)

But there's another very important provision.

The President directed Treasury to have the IRS announce that it **will not impose the federal dyed-diesel penalty** under Internal Revenue Code §6715 when dyed diesel is sold for highway use or used on the highway during the October 5–December 31 period.

Click this link for more information: [The White House](#)

4. Red-Dyed Diesel

Normally

Red-dyed diesel is intended for **nontaxable/off-road uses**, such as:

- Tractors
- Combines
- Sprayers
- Other farm machinery

Normally, putting dyed diesel into a highway vehicle and using it on the road can trigger the federal dyed-fuel penalty.

The normal federal penalty can be substantial — generally the greater of **\$1,000 or \$10 per gallon** of dyed fuel involved, depending on the circumstances.

Click this link for more information: [IRS](#)

Under the temporary relief:

The federal executive order directs the IRS **not to impose that federal dyed-diesel penalty** for covered highway use during the October 5–December 31 relief period.

Click this link for more information: [The White House](#)

Nebraska's order separately suspends the applicable **Nebraska** penalties through December 23.

So, for a qualifying agricultural producer, **red-dyed diesel can temporarily be used in highway vehicles for covered agricultural activities.**

5. The Federal Order is NOT a Tax Exemption:

The federal order says **"defer,"** not "exempt."

The order then tells Treasury to determine:

- Which taxpayers qualify
- Which fuel is covered
- Which liabilities are covered
- The applicable dates
- When deferred taxes must eventually be paid

The order also tells Treasury to explore ways — including legislation — to **eliminate the obligation to pay the deferred amounts**.

Click this link for more information: [The White House](#)

That means **future action could ultimately eliminate the deferred liability, but the executive order itself does not accomplish that**.

6. What Does This All Mean for Nebraska Farmers/Ranchers?

Example 1 — Farm truck hauling corn

A Nebraska farmer uses a diesel truck to haul his own Nebraska corn from the field to an elevator.

Under Nebraska EO 26-21, that is the type of agricultural transportation specifically contemplated by the order.

The farmer can:

- A.** Use clear diesel and claim the qualifying Nebraska fuel-tax refund through Form 84AG; or
- B.** Use dyed diesel during the temporary relief period, subject to the applicable state and federal relief.

Nebraska DOR specifically confirms that agricultural producers are allowed to use dyed fuel in trucks transporting agricultural commodities on public roads.

Click this link for more information: [Nebraska Department of Revenue](#)

Example 2 — Pickup driving to the field

A farmer puts dyed diesel in his diesel pickup and drives it from the farm to the field to work during harvest.

Nebraska DOR specifically says this type of trip is covered by the state order.

Click this link for more information: [Nebraska Department of Revenue](#)

Example 3 — Commercial cattle hauler

A commercial livestock hauler transports Nebraska cattle within Nebraska.

Nebraska DOR says commercial livestock haulers are covered for **Nebraska miles traveled to transport Nebraska agricultural products**.

Click this link for more information: [Nebraska Department of Revenue](#)

For IFTA taxpayers using clear diesel, qualified Nebraska miles can also be reported as nontaxable miles to obtain the applicable Nebraska credit.

Click this link for more information: [Nebraska Department of Revenue](#)

Example 4 — Personal trip

A farmer has dyed diesel in his pickup and drives to town for personal business.

That is different.

Nebraska DOR specifically says **personal-use miles do not qualify for the agricultural refund**, even when the vehicle is also used to haul Nebraska agricultural products.

Click this link for more information: [Nebraska Department of Revenue](#)

A farmer/rancher could still use dyed diesel under the federal order, but records should be kept as federal taxes would still be owed at a later date provided they are not waived by Congress.

The agricultural purpose matters under the Nebraska order.

7. What Farmers/Ranchers CAN Do:

During the applicable relief periods, farmers/ranchers can:

- Use dyed diesel for qualifying agricultural transportation on Nebraska roads.
 - Use dyed diesel in qualifying farm pickups/service trucks traveling to agricultural operations.
 - Use dyed diesel to haul qualifying Nebraska agricultural products.
 - Use clear diesel and claim the applicable Nebraska refund instead.
 - Claim the Nebraska \$0.0025/gallon dyed-diesel tax refund for qualifying purchases beginning October 1.
 - Keep using dyed diesel in tractors and other off-road farm equipment as they normally would.
 - Keep appropriate fuel and transportation records.
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8. What Farmers/Ranchers Should NOT Assume:

Don't assume red diesel is permanently legal on the highway.

The relief is temporary.

Nebraska's order currently ends December 23. The federal order's stated relief period runs through December 31.

Don't assume the federal tax disappeared.

It didn't.

The federal order establishes a mechanism for **deferral** of qualifying tax liabilities and penalty relief.

Click this link for more information: [The White House](#)

Don't assume Nebraska's order waived federal penalties.

It didn't.

Nebraska DOR explicitly says the Nebraska executive order only addresses **Nebraska penalties**, not federal penalties.

Click this link for more information: [Nebraska Department of Revenue](#)

The President's October 5th order is what provides the federal dyed-diesel penalty relief.

9. One Particularly Important Point for Farmers/Ranchers:

Nebraska DOR's FAQ is actually quite helpful here.

It says that if a farmer is hauling agricultural goods on a Nebraska highway, briefly travels on **I-80**, and then exits, the farmer isn't disqualified simply because that portion of the trip is on the interstate. The state relief covers qualifying Nebraska miles, while the federal order provides the separate federal relief.

Click this link for more information: [Nebraska Department of Revenue](#)

10. Recordkeeping will be important

We'd strongly encourage everyone taking advantage of this relief to maintain:

- Fuel receipts
- Number of gallons
- Date purchased
- Clear vs. dyed fuel
- Vehicle identification
- Miles traveled
- Origin/destination
- Type of agricultural commodity
- Whether the trip was agricultural or personal
- Nebraska vs. out-of-state miles

For Form 84AG, Nebraska DOR says supporting documentation is required to substantiate the fuel tax paid and transportation of Nebraska agricultural products.

Click this link for more information: [Nebraska Department of Revenue](#)

Summary:**Nebraska:**

"For qualifying agricultural transportation, Nebraska will temporarily suspend applicable state dyed-diesel penalties and give you a way to get qualifying Nebraska fuel taxes back."

Federal:



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"The federal government is temporarily allowing the IRS to stand down on the dyed-diesel highway-use penalty and is providing for deferral of certain federal diesel taxes — but the federal tax itself has not yet been permanently forgiven. Unless permanently waived by Congress or the U.S. Treasury Department, a payment of all deferred taxes will be required at a later date."

*We would also recommend farmers/ranchers lock and/or closely monitor all red-dyed diesel fuel tanks to avoid any appearance of fraud, and immediately report any suspicion of theft or unauthorized access to red-dyed diesel fuel.

Click this link for more information: [Nebraska Department of Revenue — EO 26-21 diesel guidance](#)

Click this link for more information: [White House — Emergency Tax Relief on Diesel Fuel](#)