

North Carolina's Guide for Dyed Diesel Use

NC G.S. Article 3C §105.449.115, §105.449.117, §105.449.118,
§105.449.118A, §105.449.122, §105.449.123

What is Dyed Diesel?

Dyed diesel fuel is regular diesel fuel that has red dye added to it. This is done to identify the fuel as non-tax-paid and to help enforcement officials easily identify it. Dyed diesel is for off-road use (non-highway use) only.

Dyed Diesel is for Off-road Use Only

When you fill your vehicle with undyed fuel at the pump, state and federal taxes are included in the cost. These taxes are used to help fund construction and maintenance of North Carolina's public roads.

Dyed diesel fuel has not been taxed and is intended for off-road use only. The price paid at the retail location will include the North Carolina inspection tax (0.0025 cents per gallon). Additionally, dyed diesel (for use in off highway situations) is subject to NC sales tax.

Using untaxed fuel (dyed diesel) in a licensed vehicle violates North Carolina's law and reduces the revenue available to build and maintain North Carolina state highways.

Penalties for Misuse

It is unlawful to use dyed diesel fuel in a vehicle that is licensed (or required to be licensed) for highway use. A person who violates this law is guilty of a Class 1 Misdemeanor and liable for a civil penalty of the greater of \$1,000 or five times the amount of motor fuel tax payable on the fuel in the supply tank. The penalty is in addition to any motor fuel tax assessed.

A person who dispenses non-tax-paid motor fuel into the supply tank of a highway vehicle or who allows the non-tax-paid motor fuel to be dispensed into a supply tank of a highway vehicle is subject to a civil penalty of \$250 per occurrence.

Failure to pay the penalty is grounds to withhold or revoke the registration plate of the motor vehicle into which the non-tax paid motor fuel was dispensed.

A person who refuses to allow the taking of a motor fuel sample is subject to a civil penalty of \$1,000.

Record-keeping Requirements:

All records must be maintained for three years.

Users: those persons with licensed highway vehicles in excess of 10,000 pounds having no bulk storage must maintain the following records:

- All fuel receipts and invoices including fuel purchased for highway and off-highway use, both tax-paid and non-tax-paid fuel.
- Quarterly odometer readings
- Purchase and disposition dates of vehicle; with beginning and ending odometer readings.
- List of current vehicles by registered gross weight
- A list of motor carrier decals received and applied to vehicles.

Retailers of motor fuel must keep the following records:

- All fuel receipts, invoices, bills of lading including highway and non-highway use, both tax paid and non-tax-paid;
- Monthly totalizer meter readings
- Fuel availability schedules
- Monthly beginning and ending inventory of highway and off-highway fuel
- Fuel sales records
- A copy of all shipping document at the place where motor fuel was delivered for 90 days (may be maintained off site for the remainder of the retention period).

The retailer shall not accept deliveries of motor fuel with a destination state other than NC.

All fuel dispensed at retail must be dispensed from metered pumps that indicate the amount and type of motor fuel dispensed.

Bulk End Users: Those persons with bulk fuel storage must keep the following records:

- All fuel receipts, invoices and bills of lading, both tax-paid and non-tax-paid fuel
- Withdrawal records of highway and non-highway fuel from bulk storage facilities;
- Quarterly odometer readings, regardless of weight classifications;
- Purchase and disposition dates of fleet vehicles; with beginning and ending odometer readings.
- List of current vehicles by registered gross weight;
- Monthly beginning and ending inventory of both highway and off-highway fuel.
- A list of motor carrier decals received
- Monthly totalizer meter readings.