OFFICE OF THE GOVERNOR | ARKANSAS

Sanders Signs Executive Order to Extend Allowing Farmers to Use Tax-Free, Dyed Diesel Fuel on Highways

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TO ALL WHOM THESE PRESENTS COME – GREETINGS:

EO 26-16: AMENDING EO 26-15 TO EXTEND THE STATE OF EMERGENCY AND TEMPORARY SUSPENSION OF CERTAIN MOTOR-FUEL RELATED PENALTIES, AS AUTHORIZED BY ARK. CODE ANN. § 12-75-114

WHEREAS: On September 29, 2026, the Governor issued EO 26-15. The adverse circumstances that existed on that date continue to exist today.

WHEREAS: The Governor is responsible for meeting and mitigating, to the maximum extent possible, dangers to the people and property of the state presented or threatened by disasters;

WHEREAS: Adverse circumstances have been brought to bear upon the citizens of Arkansas as a result of the increased price of diesel fuel;

WHEREAS: The 2026 crop enterprise budgets published by the University of Arkansas Cooperative Extension Service were prepared using an assumed diesel fuel price of $2.46 per gallon, which is less than half the price presently prevailing in this State;

WHEREAS: The average retail price of diesel fuel in Arkansas is currently $5.90 per gallon, far surpassing the price assumptions in the University of Arkansas Cooperative Extension Service's 2026 crop enterprise budgets;

WHEREAS: According to the U.S. Energy Information Administration, U.S. distillate inventories were 13% below the five-year seasonal average as of September 11, 2026, and global production of distillate fuel is assumed to remain below last year's levels;

WHEREAS: Agriculture is Arkansas' largest industry, contributing more than $25.6 billion annually to our state's economy and providing over 248,000 jobs in the state. Our diverse agricultural production includes row crops, forestry, livestock, poultry, aquaculture, and specialty crops;

WHEREAS: Arkansas consistently ranks in the top 25 nationally in the production of more than 13 different agricultural commodities and ranks in the top ten nationally in the production of rice, broilers, turkeys, cotton, cottonseed, catfish, peanuts, eggs, and soybeans;

WHEREAS: Arkansas' 37,200 farms and ranches operate on 13.6 million acres, and forestland covers approximately 18.8 million acres, with agricultural and forestry operations occurring in all 75 counties within the state;

WHEREAS: Arkansas 2026 reported crop acreage included 3,416,500 acres of soybeans, 885,600 acres of rice, 750,000 acres of corn, 551,000 acres of cotton, 65,400 acres of wheat, and 38,700 acres of peanuts with crop harvest and delivery regularly extending into the month of November;

WHEREAS: Arkansas' economy is the most forestry-dependent of all the southern states, with forest industries contributing $7.3 billion to the state's economy and operate year-round;

WHEREAS: Arkansas farmers and timber harvesters maintain on-farm and on-site storage of dyed diesel fuel for nontaxable off-road use, and allowing that fuel to be used in highway vehicles engaged in agricultural and timber harvesting operations will make fuel immediately available to those operations;

WHEREAS: President Donald J. Trump signed Executive Order 14435, Emergency Tax Relief on Diesel Fuel, on October 5, 2026, suspending federal penalties and enforcement actions for certain use of red-dyed diesel through December 31, 2026.

WHEREAS: Ark. Code Ann. § 12-75-114(e)(1) authorizes the Governor to suspend any regulatory statutes if compliance with those statutes would delay action in coping with the declared emergency;

WHEREAS: Strict compliance with certain statutes would hinder necessary action in coping with the emergency in all seventy-five (75) counties in Arkansas;

WHEREAS: Ark. Code Ann. § 26-56-224 provides that dyed distillate special fuel may be sold at a lower state excise tax rate than undyed fuel, if the dyed distillate special fuel is used in a motor vehicle that is used for off-road purposes.

WHEREAS: Ark. Code Ann. § 26-56-225 prohibits dyed distillate special fuel from being used in the fuel supply tank of any motor vehicle with certain exceptions including state and local government vehicles, local transit and intercity buses, and school buses. Ark. Code Ann. § 26-56-226(a)(1) provides that if the Department of Finance and Administration (DFA) discovers a motor vehicle not excepted in § 26-56-225 using dyed distillate special fuel, that DFA shall assess additional tax and a penalty of ten dollars ($10.00) per gallon on all the fuel that could be contained in the fuel supply tank or tanks of the motor vehicle, if filled to capacity; and

WHEREAS: Ark. Code Ann. § 26-56-227(a) prohibits mixing of dyed distillate special fuel with undyed distillate special fuel in the fuel supply tank of any motor vehicle, except those motor vehicles excepted in § 26-56-225. Ark. Code Ann. § 26-56-227(b)(1)(B) provides that if DFA discovers any fuel supply tank of a motor vehicle containing mixed dyed and undyed distillate special fuel, except those motor vehicles excepted in § 26-56-225, DFA shall assess a penalty of ten dollars ($10.00) per gallon on all the fuel.

NOW, THEREFORE, I, Sarah Huckabee Sanders, acting under the authority vested in me as Governor of the State of Arkansas, and pursuant to Ark. Code Ann. §§ 12-75-101, et seq., do hereby amend EO 26-15 (dated September 29, 2026) and order the following:

1. The penalty provisions of Ark. Code Ann. § 26-56-226(a)(1) and Ark. Code Ann. § 26-56-227(b) are hereby suspended to the extent that they subject any of the following to the penalties imposed under those sections:
    1. The use of dyed distillate special fuel for the purpose of operating a motor vehicle that is not excepted under Ark. Code Ann. § 26-56-225; and
    2. The mixing of dyed distillate special fuel in the fuel supply tank of any motor vehicle, other than in the fuel supply tank of a motor vehicle excepted in § 26-56-225, with undyed distillate special fuel.

2. The suspension of the penalties set forth in Section 1 is applicable only to the use of dyed distillate special fuel in the following motor vehicles:

    1. Class 2, Class 3, Class 4, Class 5, Class 6, or Class 8 motor vehicles as defined in Ark. Code Ann. § 27-14-601; and

    2. Motor vehicles registered in the State of Arkansas that are not licensed vehicles under the International Fuel Tax Agreement as adopted in Ark. Code Ann. § 26-55-1101, et seq.

3. No state department, agency, or officer shall assess the taxes and penalties imposed by Ark. Code Ann. § 26-56-226(a)(1) or Ark. Code Ann. § 26-56-227(b)(1) against any person for conduct within the scope and during the effective period of this Order.

4. All departments, agencies, boards, commissions, and officers of the State of Arkansas, or any political subdivision thereof, are authorized and directed to cooperate in actions taken by the State in accordance with this Order.

5. This Order shall remain in effect from October 31, 2026, through December 31, 2026, unless otherwise amended or extended.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Arkansas to be affixed this 30th day of October, in the year of our Lord 2026.

Source: https://governor.arkansas.gov/executive_orders/sanders-signs-executive-order-to-extend-allowing-farmers-loggers-to-use-tax-free-dyed-diesel-fuel-on-highways/

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