

Important Notice: Temporary Suspension of Motor Fuel Excise Tax and Dyed Diesel Enforcement

Issued By: Excise Tax Division
Date: October 12, 2026

The following important information is addressed in this notice:

- Background
- Suspension of the Motor Fuel Excise Tax
- Waiver of Enforcement of Civil and Criminal Penalties for Highway Use of Dyed Diesel Fuel for Farming and Agricultural Purposes
- Exemption of Motor Fuel Tax Excise Paid for Highway Use of Dyed Diesel Fuel by Certain Users
- Additional Guidance
- Effective Date and Expiration Date Table
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Background

On October 9, 2026, Governor Josh Stein signed [Session Law 2026-62](#), which: (1) suspends through November 30, 2026, the North Carolina motor fuel and excise tax on all motor fuels, including gasoline, diesel, and alternative fuel; (2) waives the imposition of certain civil and criminal penalties associated with highway use of dyed diesel fuel in a highway vehicle if the use is for farming or agricultural purposes within North Carolina; and (3) exempts imposition of the motor fuel excise tax on dyed diesel used to operate a highway vehicle by certain users.

Suspension of the Motor Excise Fuel Tax

Effective October 10, 2026, through November 30, 2026, the motor fuel excise tax rate is zero cents (0¢) per gallon or gallon equivalent. The suspension of the motor fuel excise tax applies to all motor fuels and alternative fuels subject to the North Carolina motor fuel excise tax imposed under [Article 36C](#) and [Article 36D](#) of [Chapter 105](#) of the North Carolina General Statutes. Taxpayers must continue to file all applicable motor fuel returns and motor carrier returns and report all gallons or gallon equivalent and applicable miles during the motor fuel tax suspension.

Although [Session Law 2026-62](#) suspends the motor fuel excise tax through November 30, 2026, it does not change the sales and use tax treatment of the motor fuel, alternative fuel, or dyed diesel fuel, and it does not affect the inspection tax imposed on motor fuel or alternative fuel. The following explains how these taxes continue to apply:

Sales and Use Tax Exemption for Motor Fuel or Alternative Fuel Subject to Excise Tax

The temporary suspension of the motor fuel excise tax does not affect whether motor fuel or alternative fuel is exempt from sales and use tax under North Carolina law.¹ Motor fuel and alternative fuel that were exempt from sales and use tax before October 10, 2026, remain exempt during the suspension period, even though the motor fuel excise tax rate is zero cents (0¢) per gallon.

Sales and Use Tax Due on Dyed Diesel Fuel

Under North Carolina law, dyed diesel fuel is generally subject to sales and use tax. [Session Law 2026-62](#) did not create a new sales and use tax exemption for dyed diesel fuel. Accordingly, sales and use tax must continue to be collected on dyed diesel fuel unless the retailer receives the required sales and use tax exemption documentation from a purchaser.

Inspection Tax Due on Motor Fuel and Alternative Fuels

The inspection tax imposed under [N.C. Gen. Stat. § 119-18](#) is **not suspended**. The inspection tax continues to apply to all motor fuels and alternative fuels and must be reported and paid on the applicable motor fuels excise tax return.

Waiver of Enforcement of Civil and Criminal Penalties for Highway Use of Dyed Diesel Fuel for Farming and Agricultural Purposes

Effective October 9, 2026, through December 31, 2026, civil and criminal penalties² related to the highway use of dyed diesel fuel are waived for the following persons:

1. A person who uses dyed diesel fuel in a highway vehicle, that is licensed or required to be licensed under [Chapter 20](#) of the North Carolina General Statutes, for farming or agricultural purposes³ in North Carolina; or
2. A person who dispenses, or allows to be dispensed, dyed diesel fuel into the supply tank of a highway vehicle in North Carolina.

Exemption of Motor Fuel Excise Tax Paid for Highway Use of Dyed Diesel Fuel by Certain Users

Effective October 1, 2026, through December 31, 2026, a person is not liable for motor fuel excise tax on dyed diesel fuel used to operate a licensed highway vehicle if the person has been issued an exemption certificate by the North Carolina Department of Revenue ("NCDOR") as one of the following:

1. A qualifying farmer;
2. A conditional farmer;
3. A commercial logger;
4. A commercial fisherman; or
5. A wildlife manager.

¹ See [S.L. 2026-62](#), Section 1(b).

² See N.C. Gen. Stat. §§ [105-449.117](#), [105-449.118](#), [105-449.118A](#), or [105-449.120\(b\)](#).

³ For purposes of S.L. 2026-6, Section 2, "farming or agricultural purposes" includes crop cultivation, livestock rearing, forestry, aquaculture, and related agribusiness activities.

A person who uses dyed diesel fuel that is exempt from tax under [Session Law 2026-62](#) must still file [Form GAS-1259](#), Motor Fuels Backup Return, even though no motor fuel excise tax liability accrues on the fuel.⁴

Effective Date and Expiration Date Table

Because [Session Law 2026-62](#) has three separate effective dates, persons impacted by this legislation may find it helpful to refer to the following table:

Session Law 2026-62 Provision	Effective Date	Expiration Date
Suspension of Motor Fuel Excise Tax	October 10, 2026	November 30, 2026
Waiver of Enforcement of Civil and Criminal Penalties for Farming and Agricultural Purposes	October 9, 2026	December 31, 2026
Exemption of Motor Fuel Excise Tax Paid for Highway Use of Dyed Diesel by Certain Users	October 1, 2026	December 31, 2026

Additional Guidance

NCDOR will issue additional guidance on its website regarding the administration of [Session Law 2026-62](#). Moreover, NCDOR will also publish a frequently asked questions (“FAQ”) document to answer common questions about the recently enacted law change. To stay informed about this law change and future law changes, taxpayers should subscribe to receive [NCDOR e-alerts](#). NCDOR e-alerts are a convenient way to receive timely information from NCDOR.

Assistance

If you have any questions about this notice, you may call the Excise Tax Division at telephone number 1-877-308-9092 or 919-707-7500 (8:00 am until 4:30 pm Eastern Time, Monday through Friday), or write to Customer Service, PO Box 1168, Raleigh NC 27602-1168.

To the extent there is any change to a statute or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided. To the extent that any provisions in any other notice, directive, technical bulletin, or published guidance regarding the subject of this notice and issued prior to this notice conflict with this important notice, the provisions contained in this important notice supersede the previous guidance.

⁴ See [S.L. 2026-62](#), Section 3.