



CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES

October 2, 2026

The Honorable Frank Bisignano
Chief Executive Officer
United States Internal Revenue Service
1111 Constitution Ave NW
Washington, DC 20224

Dear Chief Executive Officer Bisignano:

I am strongly urging you to grant the State of North Carolina's request for the longest available period of federal penalty relief for the use of dyed diesel fuel on highways in accordance with IRM 25.16.1.5. Federal penalty relief could provide vital and immediate temporary relief to eastern North Carolina farmers and others across the country who are struggling with record fuel prices ahead of this year's harvest. It is essential that the IRS grant this relief as soon as possible.

Diesel prices in North Carolina have reached all-time highs. On September 19, the average cost of a gallon of diesel fuel in North Carolina reached \$6.2473 up from \$3.46 a year ago, according to AAA. The national average cost for on-highway diesel was at an all-time high of \$6.529 per gallon as of the week ending September 21. As of September 3, the U.S. Department of Agriculture (USDA) estimates that total farm-sector fuel and oil expenses will grow by \$4.8 billion, which represents a 28.8% increase. Many farmers do not set prices and have low profit margins.

Eastern North Carolina is the heart of our state's agricultural industry. Our growers are paying for the increased expense of fuel after a severe drought. In July, USDA designated over a dozen counties in our region as primary natural disaster areas because of the drought. The growers cannot afford to wait for the cost of diesel to decline. It is vital that growers have access to lower cost diesel on highways to move their crops, livestock and equipment over long distances.

For these reasons, it is especially important that the IRS provide relief from the federal penalty for highway use of dyed diesel. Many eastern North Carolina farmers have a supply of dyed diesel on hand. Importantly, relief from the dyed-diesel penalty does not waive the applicable federal highway fuel tax. With many farmers feeling the squeeze from the economy, every penny counts.

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At least 10 state governors have suspended or relaxed the penalties for using dyed diesel on highways in their respective states. I strongly urge you to use the authority provided under IRM 25.16.1.5 to grant North Carolina the longest available period of federal penalty relief for the use of dyed diesel on highways. Protecting our farmers is more critical than ever.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D. G. Davis', with a long horizontal flourish extending to the right.

Donald G. Davis
Member of Congress

cc:

The Honorable Josh Stein, North Carolina Governor

The Honorable Scott Bessent, United States Secretary of the Treasury