



California Cotton Ginners Associations

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MEMO

To: **Gin Managers
Custom Module Haulers**

From: **Roger A. Isom
Executive Vice President**

Date: **March 12, 2009**

Subject: **Use of Dyed Diesel Fuel in Cotton Module Movers**

For the past several years, we have provided guidance to members that dyed diesel fuel is allowed for use in cotton module movers. This has been supported by letters from CHP, BOE and fuel industry interpretations. However, this past winter, we received word from the California Board of Equalization (BOE) that clearly states that it is now illegal to use “dyed diesel” on any publicly maintained highway. This announcement was made in the December issue of the BOE Fuel Taxes Newsletter (copy attached).

This is also clarified in an October 7, 2008 Fuel and Road Use Tax – Agriculture Tax Tip memo (attached) from the Internal Revenue Service (IRS). In that advisory, it clearly states that fuel use on a highway is a “taxable” use, even if it is used in conjunction with the farm.

With these latest notices in hand, we have no choice but to advise all module truck owners and drivers to only use clear diesel if there is any chance whatsoever that these vehicles will be on a public highway at any time. I would respectfully ask that gin managers please forward this memo to all of the custom module haulers they do business with to ensure that no one will be in violation for this upcoming season.

If you should have any additional questions, please do not hesitate to contact me at (559)252-0684.