

United States Senate

March 26, 2026

The Honorable Scott Bessent
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Dear Secretary Bessent,

I write to urge the administration to implement a temporary moratorium on federal penalties for on-road use of red diesel fuel. American farmers continue to face a cost crisis that threatens the survival of family farms across the country. A penalty waiver for the duration of the current disruption to global energy markets would provide immediate relief at minimal cost to the federal government.

Thankfully the Trump administration made \$12 billion available through the Farmer Bridge Assistance Program, but we must examine all options that may be available to assist farmers. Unfortunately, Arkansas led the country with 33 Chapter 12 bankruptcy filings in 2025, more than double the prior year. The gap between farm input costs and prices received hit a 10-year high in early 2026. Row crop producers in Arkansas expect to lose hundreds of dollars per acre on cotton, corn, rice, and soybeans this year.

Fuel is one of the largest variable costs on any farm operation. Farmers use tax-exempt red diesel in their fields, but the moment they drive a truck on a public road to haul grain, livestock, or inputs, they must buy taxed highway diesel. Electric vehicles pay no federal fuel excise tax and contribute nothing to the Highway Trust Fund while using the same roads. The federal government spent billions subsidizing electric vehicles while farmers absorb rising fuel costs on shrinking margins.

As Iranian aggression threatens the flow of petroleum through the Strait of Hormuz, a penalty moratorium would save farmers 24 cents per gallon on every highway mile.

A nation that cannot feed itself cannot defend itself. And if we continue to lose family farms, we will depend on foreign producers for the food on our tables. Lifting the red diesel penalty is a small step the administration can take today to keep our family farms operational for generations to come.

Sincerely,



Tom Cotton
United States Senator