



Tire Fees

The Budget Reconciliation and Financing Act of 2025 (“the Act”)¹ created a new fee on the first sale of a new tire (“new tire fee”) in Maryland. The Comptroller is required to distribute the revenue from the new tire fee, less the costs of administration, to the Transportation Trust Fund.

The Act also increased the rate of the existing tire recycling fee. The Comptroller is required to distribute the revenue from the tire recycling fee, less the costs of administration, to the Used Tire Clean Up and Recycling Fund.

Both the new tire fee and the increase to the existing tire recycling fee go into effect on January 1, 2026.

Information about the tire recycling fee in this Technical Bulletin was previously published as Business Tax Tip #16.

I. General Information.

The new tire fee and the tire recycling fee are both imposed on the first sale of a new tire in Maryland by a tire dealer, including new tires sold as a part of a new or used vehicle, trailer, farm implement, or similar machinery.² The new tire fee and the tire recycling fee apply to a sale of a new tire that is not a sale to a tire wholesaler or out-of-state retailer.

The new tire fee is \$5.00 per tire.

Effective January 1, 2026, the tire recycling fee increases from \$0.80 to \$1.00 per tire. Additionally, the responsibility for setting the tire recycling fee rate has been transferred from the Board of Public Works to Maryland’s Department of the Environment (“MDE”). The tire recycling fee may be adjusted every two fiscal years based on the Consumer Price Index, as determined by MDE, and may not exceed \$2.00 per tire. The tire recycling fee was first imposed on February 1, 1992. The rate for the tire recycling fee has been \$0.80 per tire since April 1, 2005.

II. Definitions.

In this Technical Bulletin, the following terms have the meanings indicated.

A. First sale.

First sale means a sale of a new tire that is not a sale to a wholesaler or out-of-state retailer.

B. New tire fee.

New tire fee means the fee imposed under Transportation Article § 22-421, Annotated Code of Maryland.

C. Tire.

Tire means a continuous rubber or similar material or synthetic material which is pneumatically designed or intended to cover or encircle a wheel which is manufactured for use on any:

1. Motor vehicle as defined in Tax-General Article § 9-101(g), Annotated Code of Maryland;

¹ Md. Laws, Chapter 604, Acts of 2025.

² Md. Trans § 22-421(b)(1).

2. Trailer as defined in the Transportation Article § 11-169, Annotated Code of Maryland;
3. Farm implement; or
4. Machinery which is similar to the vehicles, trailers, or farm implements above.³

D. Tire dealer.

Tire dealer means a person who sells new tires to:

1. A seller of tires in the State that is not a tire wholesaler; or
2. A consumer of a tire on which a recycling fee has not been paid.

E. Tire recycling fee.

Tire recycling fee means the fee imposed under Environment Article § 9-228, Annotated Code of Maryland.

F. Tire wholesaler.

Tire wholesaler means a person who transfers tires to a person who is not a consumer. Tire wholesaler does not mean a person who transfers a minimal number of tires on an irregular and noncontinuous basis.

III. Tire Wholesaler Certificates.

A tire dealer does not pay the tire recycling fees or new tire fees on tires sold to a tire wholesaler. If a tire dealer does not know, or cannot determine, whether a buyer is a tire wholesaler, the tire dealer should request a written statement from the buyer certifying that the buyer is a tire wholesaler.

A. Form of certificate.

A tire wholesaler certificate does not need to be in a particular form; however, the certificate should include:

1. the buyer's name and address;
2. the buyer's recycling fee or new tire fee account number; and
3. the signature of the buyer or an authorized representative of the buyer.

B. Liability.

A tire wholesaler certificate that is accepted in good faith relieves a tire dealer from paying the tire recycling fees or new tire fees. A tire dealer who knows or should know that the buyer is not a tire wholesaler is required to pay the fees on tires sold to that buyer without regard to any certificate that the buyer provides.

IV. Registration.

A. Register for Maryland Tax Connect.

To register for a tire recycling fee and new tire fee account, visit mdtaxconnect.gov. Once you are registered with [Maryland Tax Connect](https://mdtaxconnect.gov), complete the Combined Registration Application to open a tire recycling fee or new tire fee account.

³ See COMAR 03.08.01.01B.

B. Wholesalers with multiple locations.

Unlike the sales and use tax, there is no requirement to maintain a separate tire fee account for each location. A single return should be filed covering all locations.

V. Billing and Collection.

A. Out-of-state purchases.

If a retailer acquires tires from out-of-state and the only sales that take place in Maryland are sales to retail customers, the fee is payable when the retail sales are made.

B. Separately stated fees.

1. If the amount of the tire recycling fee and new tire fee are separately stated in a retail sale, the tire recycling fee and new tire fee are excluded from the taxable price and are not subject to sales and use tax under Title 11 of the Tax-General Article or excise tax under Title 13 of the Transportation Article.
2. If the tire recycling fee or new tire fee are included in a lump sum charge for a retail sale, and are not separately stated, the fee(s) will be subject to Maryland sales and use tax as part of the taxable price of the tire.
3. For a sale made by a tire dealer to a person who resells tires, the tire dealer must separately state the tire recycling fees and new tire fees paid by the tire dealer on the invoice or other document of sale.

C. New car dealer.

A new car dealer who routinely sells new cars to other dealers is a tire wholesaler for the purpose of the tire recycling fee and new tire fee. A new car dealer who is a tire wholesaler may acquire tires, including tires mounted on new vehicles, free of the fees. Otherwise, the new car dealer is responsible for the tire fees. This applies to all four tires on the car, as well as any spare or doughnut tire included with the car.

D. Traveling salesmen.

If an out-of-state manufacturer or wholesaler makes sales to retailers through traveling salesmen, the tire fees are applicable if the orders are placed in Maryland. If the orders are placed at the out-of-state manufacturer or wholesaler home offices, the fees do not apply until a subsequent sale is made.

E. Retail customers.

Retail customers are not exempt from paying the tire fees. The tire fees are imposed on tire sellers and not on purchasers, though sellers are permitted to pass the fee through to the customer. For this reason, there are no exemptions for retail customers.

F. Nonprofit organizations, federal, state, and local governments, and diplomat customers.

Nonprofit organizations, federal, state, and local governments, and diplomat customers are not exempt from paying the tire fees.

G. No-charge replacement tires.

If a retailer pays the tire fees on the sale of tires to retail customers, the retailer is not required to pay the tire fees on no-charge replacement tires. However, the tire fees are payable on a tire that is sold at a reduced price due to a guarantee.

VI. Record Keeping.

A seller of new tires in Maryland must keep the following records for four years, unless permission is obtained from the Comptroller to destroy the records after a shorter period of time:

1. Invoices;
2. Bills of lading;
3. Purchase orders;
4. Sales and billing slips;
5. Cash register tapes;
6. Contracts;
7. Journals;
8. Ledgers;
9. Inventory records;
10. Bank statements; and
11. Tire wholesaler certificates, where required.

VII. Tire Fee Returns.

A. Filing frequency.

1. A person who is responsible for paying the tire recycling fee or new tire fee must file a return reporting those sales, accompanied by payment of the tire recycling fee and new tire fee, by the 21st day of the month following the month the sale was made.
2. If the Comptroller determines from an application for a tire recycling fee account or new tire fee account, previous reporting history, or through audit that a person subject to the tire recycling fee and new tire fee is expected to remit less than \$750 per month in total fees, the Comptroller may assign that person a filing basis that is less frequent than monthly.
3. If the Comptroller assigns a filing frequency other than monthly, the return is due on the 21st of the month following the end of the filing period. For accounts assigned a semi-annual filing frequency, the return and payment due dates are as follows:
 - a. For the period January 1 – June 30, the due date is July 21.
 - b. For the period July 1 – December 31, the due date is January 21.

B. Timely discount.

A tire dealer who timely files a tire fee return and pays the tire recycling fee is allowed, for the expense of administering and paying the fee, a credit equal to 0.6% of the gross amount of the tire recycling fee that the tire dealer is to pay the Comptroller. Note, the discount only applies to the tire recycling fee. There is no discount available for timely filing and remitting the new tire fee.

C. Electronic filing.

To file and pay the tire recycling fee and new tire fee electronically, a tire dealer must have a Maryland Tax Connect account. For more information, visit mdtaxconnect.gov.

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