



DATE: March 6, 2013

TO: House Committee on Transportation and Economic Development

FROM: Paul Mather
Highway Division Administrator

SUBJECT: HB 2397

INTRODUCTION

House Bill 2397 imposes a fee (amount yet to be determined) on the retail sale of new studded tires and the installation of studs in a tire. The bill requires tire retailers to collect the fee.

BACKGROUND

Studded tires cause damage to roads and highways, and as a result, their use is limited in Oregon law to the winter season, between November 1 and April 1. Studded tires offer increased traction for motorists in icy conditions. Motorists may also use tire chains, studless snow tires or a vehicle with four-wheel drive in snow and ice conditions.

ODOT conducted a [study](#) in 2000 to determine the pavement wear and cost to repair studded tire damage. The study concluded that the state, cities and counties spend approximately \$11 million each year to repair studded tire damage, although the damage caused exceeds \$40 million each year.

DISCUSSION

House Bill 2397 requires tire dealers to collect a fee on the retail sale of each studded tire and the installation of studs in a tire. Under the bill, retailers would make quarterly reports and transfers of funds to the Department of Revenue; the Department of Revenue will transfer funds into the State Highway Fund. Retailers may retain five percent to cover administration costs; the Department of Revenue may also retain funds to cover administration and collection of funds.

Revenue collected in the State Highway Fund must be used to repair damage to state highways, county roads and city streets. The bill does not identify how money should be distributed between the state, counties and cities. ODOT assumes the revenue should be used for pavement preservation and repair.

SUMMARY

Studded tires are used by motorists in inclement weather conditions. HB 2397 imposes a fee on the sale of each new studded tire and the installation of studs, collected by tire retailers. Revenues generated from the fee are to be used to repair studded tire damage to pavements.