

# House Bill 3362

Sponsored by Representative HELM, Senator GORSEK

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: This Act creates a tax on tires to pay for rail transit, tire pollution and wildlife crossings. (Flesch Readability Score: 80.0).

Imposes an excise tax on retail sales of tires. Directs the Department of Revenue to transfer tax revenue to specified funds for purposes related to rail transit, tire pollution prevention and mitigation and wildlife passage infrastructure.

Establishes the Tire Pollution and Rail Transit Fund.

Establishes the Wildlife-Vehicle Collision Reduction Fund.

Directs the Department of Transportation to establish a tire pollution prevention and mitigation program.

Takes effect on the 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to a tax on sales of tires; prescribing an effective date; and providing for revenue raising  
3 that requires approval by a three-fifths majority.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Definitions. As used in sections 1 to 13 of this 2025 Act:**

6 (1) "Seller" means a person engaged in whole or in part in the business of selling taxable  
7 tires at retail.

8 (2) "Taxable tire" means a new or newly refurbished tire designed for use on a motor  
9 vehicle for travel on public highways.

10 (3) "Tire pollution tax" means the excise tax imposed under section 2 of this 2025 Act.

11 **SECTION 2. Excise tax on retail sale of tires. (1)(a) An excise tax is imposed on each sale  
12 of taxable tires at retail in this state and becomes due upon the sale.**

13 (b) The excise tax shall be computed at the rate of four percent of the retail sales price  
14 of the taxable tire. The tax may be rounded to the nearest whole cent.

15 (2) The amount of the excise tax shall be separately stated on an invoice, receipt or other  
16 similar document that the seller provides to the purchaser or shall be otherwise disclosed  
17 to the purchaser.

18 (3) A seller shall collect the excise tax at the time of the taxable sale.

19 (4) A purchaser's liability for the excise tax is satisfied by a valid receipt given to the  
20 purchaser by the seller of the taxable tire showing payment of the excise tax.

21 **SECTION 3. Tire pollution tax expenditures in continuous effect. For purposes of ORS  
22 315.037, any tax expenditure enacted with respect to the tire pollution tax shall remain in  
23 continuous effect until the Legislative Assembly expressly provides otherwise.**

24 **SECTION 4. Refunds for excess payments. (1) If the amount of the tire pollution tax paid  
25 by a seller or purchaser exceeds the amount of tax due, the Department of Revenue shall  
26 refund the amount of the excess.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.  
New sections are in **boldfaced** type.

1 (2) Except as provided in subsection (3) of this section, the period prescribed for the de-  
 2 partment to allow or make a refund of any overpayment of tire pollution tax paid shall be  
 3 as provided in ORS 314.415.

4 (3) The department shall apply any overpayment of tax first to any amount of tire pol-  
 5 lution tax that is then outstanding.

6 **SECTION 5. Deposit of revenues.** (1) The Department of Revenue shall deposit all revenue  
 7 collected from the tire pollution tax in a suspense account established under ORS 293.445 for  
 8 the purpose of receiving the revenue. The department may pay the actual expenses of the  
 9 department for the administration and enforcement of the tire pollution tax out of moneys  
 10 received from the tire pollution tax. Amounts necessary to pay administrative and enforce-  
 11 ment expenses are continuously appropriated to the department from the suspense account.

12 (2) After payment of administrative and enforcement expenses under subsection (1) of  
 13 this section and refunds or credits arising from erroneous overpayments, the department  
 14 shall transfer the balance of the moneys received from the tire pollution tax as follows:

15 (a) Seventy-five percent shall be transferred to the Tire Pollution and Rail Transit Fund  
 16 established under section 14 of this 2025 Act; and

17 (b) Twenty-five percent shall be transferred to the Wildlife-Vehicle Collision Reduction  
 18 Fund established under section 16 of this 2025 Act.

19 **SECTION 6. Collection at point of sale.** (1) The tire pollution tax shall be collected at the  
 20 point of sale and remitted by each seller that is liable for the tire pollution tax computed on  
 21 the basis of such sales. The tire pollution tax is considered a tax upon the seller that is re-  
 22 quired to collect the tax, and the seller is considered a taxpayer.

23 (2) Each seller that is liable for the tire pollution tax shall file a return with the De-  
 24 partment of Revenue, in the form and manner prescribed by the department, on or before  
 25 the last day of January, April, July and October of each year for the previous calendar  
 26 quarter. The return shall show the amount of tire pollution tax due with respect to sales of  
 27 taxable tires at retail made during the calendar quarter to which the return relates.

28 (3) Each seller shall pay the applicable tire pollution tax to the department in the form  
 29 and manner prescribed by the department, but not later than the date of submitting each  
 30 quarterly return, without regard to extensions granted under subsection (5) of this section.

31 (4) Sellers shall file the returns required under this section regardless of whether any tax  
 32 is owed.

33 (5) The department may extend the time for making any return required under this  
 34 section if a written request is filed with the department during or prior to the period for  
 35 which the extension may be granted. The department may not grant an extension of more  
 36 than 30 days.

37 (6) Interest shall be added to delinquent tax amounts at the rate established under ORS  
 38 305.220 from the time the return to which the delinquent tax amounts relate was originally  
 39 required to be filed to the time of payment.

40 **SECTION 7. Liability for tire pollution tax.** (1) Every seller that collects any amount of  
 41 tire pollution tax shall hold the amount in trust for the State of Oregon and for payment to  
 42 the Department of Revenue in the manner and at the time provided under section 6 of this  
 43 2025 Act.

44 (2) If a seller that is liable for the tire pollution tax fails to remit any amount of the tax,  
 45 whether collected or not, the department may enforce collection by the issuance of a

1   distrain warrant for the collection of the delinquent amount and all penalties, interest and  
2   collection charges accrued on the delinquent amount. The warrant shall be issued and pro-  
3   ceeded upon in the same manner and shall have the same force and effect as is prescribed  
4   with respect to warrants for the collection of delinquent income taxes.

5       (3)(a) In the case of a seller that is assessed under the provisions of ORS 305.265 (12) and  
6   314.407 (1), the department may issue a notice of liability to any officer, employee or member  
7   of the seller at any time within three years after the assessment. Within 30 days after the  
8   date on which the notice of liability is mailed to the officer, employee or member, the officer,  
9   employee or member shall pay the assessment, plus penalties and interest, or advise the  
10   department in writing of objections to the liability and, if desired, request a conference. A  
11   conference shall be governed by the provisions of ORS 305.265 pertaining to a conference  
12   requested from a notice of deficiency.

13       (b) After a conference or, if no conference is requested, a determination of the issues  
14   raised in the written objections, the department shall mail the officer, employee or member  
15   a conference letter affirming, canceling or adjusting the notice of liability. Within 90 days  
16   after the date on which the conference letter is mailed to the officer, employee or member,  
17   the officer, employee or member shall pay the assessment, plus penalties and interest, or  
18   appeal to the tax court in the manner provided for an appeal from a notice of assessment.

19       (c) If the department does not receive payment or written objection to the notice of li-  
20   ability within 30 days after the notice of liability was mailed, the notice of liability becomes  
21   final. The officer, employee or member may appeal the notice of liability to the tax court  
22   within 90 days after the notice becomes final in the manner provided for an appeal from a  
23   notice of assessment.

24       (4)(a) In the case of a seller that fails to file a return by the due date, in addition to any  
25   action described in the provisions of ORS 305.265 (10) and 314.400, the department may issue  
26   a notice of determination and assessment to any officer, employee or member of the seller  
27   at any time within three years after the assessment. The time of assessment against the  
28   officer, employee or member is 30 days after the date on which the notice of determination  
29   and assessment is mailed. Within 30 days after the date on which the notice of determination  
30   and assessment is mailed to the officer, employee or member, the officer, employee or  
31   member shall pay the assessment, plus penalties and interest, or advise the department in  
32   writing of objections to the assessment and, if desired, request a conference. A conference  
33   shall be governed by the provisions of ORS 305.265 pertaining to a conference requested from  
34   a notice of deficiency.

35       (b) After a conference or, if no conference is requested, a determination of the issues  
36   raised in the written objections, the department shall mail the officer, employee or member  
37   a conference letter affirming, canceling or adjusting the notice of determination and assess-  
38   ment. Within 90 days after the date on which the conference letter is mailed to the officer,  
39   employee or member, the officer, employee or member shall pay the assessment, plus pen-  
40   alties and interest, or appeal to the tax court in the manner provided for an appeal from a  
41   notice of assessment.

42       (c) If the department does not receive payment or written objection to the notice of de-  
43   termination and assessment within 30 days after the notice of determination and assessment  
44   was mailed, the notice of determination and assessment becomes final. The officer, employee  
45   or member may appeal the notice of determination and assessment to the tax court within

1 90 days after the notice became final in the manner provided for an appeal from a notice of  
 2 assessment.

3 (5)(a) More than one officer or employee of a corporation may be held jointly and se-  
 4 verally liable for payment of the tire pollution tax.

5 (b) Notwithstanding the confidentiality provisions of section 12 of this 2025 Act, if the  
 6 department determines that more than one officer or employee of a corporation may be held  
 7 jointly and severally liable for payment of tire pollution taxes, the department may require  
 8 any or all of the officers or employees to appear before the department for a joint determi-  
 9 nation of liability. The department shall notify each officer or employee of the time and place  
 10 set for the determination of liability.

11 (c) Each individual notified of a joint determination under this subsection must appear  
 12 and present such information as is necessary to establish the individual's liability or nonli-  
 13 ability for payment of the taxes to the department. If an individual who was notified fails to  
 14 appear, the department shall make the determination on the basis of all the information and  
 15 evidence presented. The department's determination is binding on all individuals notified and  
 16 required to appear under this subsection.

17 (d)(A) If any individual determined to be liable for unpaid tire pollution taxes under this  
 18 subsection appeals the determination to the Oregon Tax Court under section 11 of this 2025  
 19 Act, the individual plaintiff shall implead all individuals required to appear with the plaintiff  
 20 before the department under this subsection. The department may implead any officer or  
 21 employee who may be held jointly and severally liable for the payment of the unpaid tire  
 22 pollution taxes. Each individual impleaded under this paragraph shall be made a party to the  
 23 action before the tax court and shall make available to the tax court the information that  
 24 was presented before the department, as well as other information that may be presented  
 25 to the tax court.

26 (B) The tax court may determine that one or more individuals impleaded under this  
 27 paragraph are liable for unpaid tire pollution taxes without regard to any earlier determi-  
 28 nation by the department that an impleaded individual was not liable for the unpaid taxes.

29 (C) If an individual required to appear before the tax court under this subsection fails  
 30 or refuses to appear or bring such information, in part or in whole, as is necessary to es-  
 31 tablish the individual's liability or nonliability for payment of the taxes to the department,  
 32 or is outside the jurisdiction of the tax court, the tax court shall make its determination on  
 33 the basis of all the evidence introduced. Notwithstanding section 12 of this 2025 Act, the ev-  
 34 idence introduced in the tax court constitutes a public record and shall be available to the  
 35 parties and the tax court. The determination of the tax court is binding on all individuals  
 36 made parties to the action under this subsection.

37 (e) This subsection may not be construed to preclude a determination by the department  
 38 or the tax court that more than one officer or employee is jointly and severally liable for  
 39 unpaid tire pollution taxes.

40 **SECTION 8. When purchaser required to remit tax.** Any purchaser liable for the tire  
 41 pollution tax and from whom the tax has not been collected shall, on or before the 30th day  
 42 following the date on which the tax became due, file with the Department of Revenue a re-  
 43 port of the amount of tire pollution tax due from the purchaser in a form and manner pre-  
 44 scribed by the department. The purchaser shall remit the amount of the tire pollution tax  
 45 due with the report.

1       **SECTION 9. Sellers required to keep records.** (1)(a) A seller that is liable for the tire  
 2       pollution tax shall keep receipts, invoices and other pertinent records related to sales of  
 3       taxable tires at retail in the form required by the Department of Revenue. Each record shall  
 4       be preserved for five years from the time to which the record relates.

5       (b) During the record retention period and at any time prior to the destruction of re-  
 6       cords, the department may give written notice to the seller not to destroy records described  
 7       in the notice without written permission of the department.

8       (c) Notwithstanding any other provision of law, the department shall preserve reports  
 9       and returns filed with the department for at least five years.

10       (2) ORS 314.425 applies to the authority of the department to examine, or cause to be  
 11       examined by an agent or representative designated by the department for the purpose, any  
 12       books, papers, records or memoranda bearing upon the matter required to be included in any  
 13       return required under sections 1 to 13 of this 2025 Act for the purpose of ascertaining the  
 14       correctness of the return or for the purpose of making an estimate of the sales of taxable  
 15       tires at retail by the taxpayer.

16       **SECTION 10. Subpoena authority of Department of Revenue.** (1) The Department of Re-  
 17       venue may require, by order or subpoena to be served with the same force and effect and in  
 18       the same manner as a subpoena is served in a civil action in the circuit court or the Oregon  
 19       Tax Court, the production, at any time and place that the department designates, of any  
 20       books, papers, accounts or other information necessary to carry out sections 1 to 13 of this  
 21       2025 Act. The department may require the attendance of any individual having knowledge in  
 22       the premises, and may take testimony and require proof material for the information, with  
 23       power to administer oaths to the individual.

24       (2)(a) If an individual fails to comply with a subpoena or order of the department or to  
 25       produce or permit the examination or inspection of any books, papers, records and equip-  
 26       ment pertinent to an investigation or inquiry under sections 1 to 13 of this 2025 Act, or to  
 27       testify to any matter regarding which the individual is lawfully interrogated, the department  
 28       may apply to the Oregon Tax Court or to the circuit court of the county in which the indi-  
 29       vidual resides or where the individual is for an order to the individual to attend and testify  
 30       or otherwise comply with the demand or request of the department.

31       (b) The department shall apply to the court by ex parte motion, upon which the court  
 32       shall make an order requiring the individual against whom the motion is directed to comply  
 33       with the request or demand of the department within 10 days after the service of the order,  
 34       or within the additional time granted by the court, or to justify the failure within that time.  
 35       The order shall be served upon the individual to whom it is directed in the manner required  
 36       by this state for service of process, which is required to confer jurisdiction upon the court.

37       (3) Failure to obey any order issued by the court under this section is contempt of court.

38       (4) The remedy provided by this section is in addition to other remedies, civil or criminal,  
 39       existing under the tax laws or other laws of this state.

40       **SECTION 11. Appeal.** Except as otherwise provided in sections 1 to 13 of this 2025 Act,  
 41       a person aggrieved by an act or determination of the Department of Revenue or its author-  
 42       ized agent under sections 1 to 13 of this 2025 Act may appeal, within 90 days after the act  
 43       or determination, to the Oregon Tax Court in the manner provided in ORS 305.404 to 305.560.  
 44       These appeal rights are the exclusive remedy available to determine the person's liability for  
 45       the tire pollution tax.

1       **SECTION 12. Applicability of other provisions of tax law.** Except as otherwise provided  
 2 in sections 1 to 13 of this 2025 Act or where the context requires otherwise, the provisions  
 3 of ORS chapters 305 and 314 as to the audit and examination of returns, periods of limitation,  
 4 determinations of and notices of deficiencies, assessments, collections, liens, delinquencies,  
 5 claims for refund and refunds, conferences, appeals to the Oregon Tax Court, stays of col-  
 6 lection pending appeal, confidentiality of returns and the related penalties, and the related  
 7 procedures, apply to the determinations of taxes, penalties and interest under sections 1 to  
 8 13 of this 2025 Act.

9       **SECTION 13. Enforcement and rules.** (1) The Department of Revenue shall administer  
 10 and enforce sections 1 to 13 of this 2025 Act.

11       (2) The department may adopt or establish rules and procedures that the department  
 12 considers necessary or convenient for the implementation, administration and enforcement  
 13 of sections 1 to 13 of this 2025 Act and that are consistent with sections 1 to 13 of this 2025  
 14 Act.

15       **SECTION 14. The Tire Pollution and Rail Transit Fund established.** (1) The Tire Pollution  
 16 and Rail Transit Fund is established in the State Treasury, separate and distinct from the  
 17 General Fund. Interest earned by the Tire Pollution and Rail Transit Fund shall be credited  
 18 to the fund.

19       (2) The Tire Pollution and Rail Transit Fund shall consist of:

20       (a) Amounts deposited in the fund by the Department of Revenue under section 5 of this  
 21 2025 Act;

22       (b) Amounts appropriated or otherwise transferred to the fund by the Legislative As-  
 23 sembly; and

24       (c) Other amounts deposited in the fund from any other source.

25       (3) Moneys in the Tire Pollution and Rail Transit Fund are continuously appropriated to  
 26 the Department of Transportation for the purposes of:

27       (a) Carrying out programs or projects to support public transportation by rail or other  
 28 forms of public transportation in this state; and

29       (b) Carrying out the tire pollution prevention and mitigation program described in section  
 30 15 of this 2025 Act.

31       (4)(a) The Department of Transportation shall allocate moneys in the fund as follows:

32       (A) Two-thirds shall be allocated to the purposes described in subsection (3)(a) of this  
 33 section; and

34       (B) One-third shall be allocated to the purpose described in subsection (3)(b) of this sec-  
 35 tion.

36       (b) Notwithstanding paragraph (a) of this subsection, the department may establish by  
 37 rule an allocation for the purpose described in subsection (3)(b) of this section that is less  
 38 than one-third if the department determines that the resulting allocation will be sufficient  
 39 to operate the program established under section 15 of this 2025 Act.

40       **SECTION 15. Tire pollution prevention and mitigation.** (1) As used in this section:

41       (a) “Tire pollutant” means any substance or particle derived from a motor vehicle tire  
 42 that causes or tends to cause water pollution.

43       (b) “Water pollution” has the meaning given that term in ORS 468B.005.

44       (c) “Waters of the state” has the meaning given that term in ORS 468B.005.

45       (2) The Department of Transportation, in consultation with the Department of Environ-

1 mental Quality and the State Department of Fish and Wildlife, shall establish a program to  
2 prevent and mitigate water pollution that results from the use of tires on motor vehicles on  
3 public highways in this state.

4 (3) The program shall include, but need not be limited to, projects carried out or con-  
5 tracted for by the department to:

6 (a) Prevent tire pollutants found in storm water runoff from entering the waters of the  
7 state; and

8 (b) Mitigate the effects of tire pollutants on salmon and other fish and aquatic species.

9 (4) The program may include grants or other forms of financial assistance to carry out  
10 projects described in subsection (3) of this section that meet criteria established by the de-  
11 partment by rule.

12 **SECTION 16. Wildlife-Vehicle Collision Reduction Fund.** (1) The Wildlife-Vehicle Collision  
13 Reduction Fund is established in the State Treasury, separate and distinct from the General  
14 Fund. Interest earned by the Wildlife-Vehicle Collision Reduction Fund shall be credited to  
15 the fund.

16 (2) The Wildlife-Vehicle Collision Reduction Fund shall consist of:

17 (a) Amounts deposited in the fund by the Department of Revenue under section 5 of this  
18 2025 Act;

19 (b) Amounts appropriated or otherwise transferred to the fund by the Legislative As-  
20 sembly; and

21 (c) Other amounts deposited in the fund from any other source.

22 (3) Moneys in the Wildlife-Vehicle Collision Reduction Fund are continuously appropri-  
23 ated to the Department of Transportation for the purposes of:

24 (a) Carrying out the program established under ORS 366.161; and

25 (b) Funding projects that reduce the number of wildlife injured or killed by vehicles and  
26 improve habitat connectivity for wildlife, including, but not limited to, projects carried out  
27 by the State Department of Fish and Wildlife.

28 **SECTION 17. Applicability date.** Sections 1 to 13 of this 2025 Act apply to sales of taxable  
29 tires at retail that occur on or after January 1, 2026.

30 **SECTION 18. Section captions.** The section captions used in this 2025 Act are provided  
31 only for the convenience of the reader and do not become part of the statutory law of this  
32 state or express any legislative intent in the enactment of this 2025 Act.

33 **SECTION 19. Effective date.** This 2025 Act takes effect on the 91st day after the date on  
34 which the 2025 regular session of the Eighty-third Legislative Assembly adjourns sine die.

35