

Testimony in Opposition to House Bill 3362

Oregon State Legislature, 2025 Regular Session

TO: Members of the Joint Committee On Transportation

FROM: Jaime Burnap

RE: Opposition to House Bill 3362 - Tire Excise Tax

DATE: 3/4/2025

Dear Chair and Members of the Committee:

I am writing to express my strong opposition to House Bill 3362, which would establish a 4% excise tax on retail sales of new tires in Oregon. After careful review of the legislation, I believe this bill would create unnecessary economic burdens on Oregon residents and businesses while failing to effectively address its stated environmental goals.

Departure from Oregon's Established Tax Structure

Oregon has historically rejected sales taxes, with voters consistently opposing such measures nine times at the ballot box. Our state relies primarily on income and property taxes by design and citizen choice. This tire excise tax represents a departure from Oregon's established tax structure and could be viewed as circumventing voters' consistent position on sales taxes.

Economic Impact on Oregonians

This tax would create additional financial burdens during an already challenging economic period:

- For an average set of four passenger vehicle tires costing \$600-\$800, this tax would add \$24-\$32 in additional costs.
- For premium tires or larger vehicles where a set might cost \$1,000-\$1,800, consumers would pay an additional \$40-\$72.
- For those purchasing commercial or specialty tires, the impact would be even greater.
- In my personal case, replacing the tires on my vehicle would cost approximately \$2,500, meaning this tax would add nearly \$100 to this necessary maintenance expense.

Regressive Nature of the Tax

The proposed tire tax is inherently regressive, meaning it would disproportionately impact lower-income Oregonians who:

- Spend a higher percentage of their income on essential vehicle maintenance
- Often drive older vehicles requiring more frequent tire replacement
- May already delay tire replacement due to financial constraints, potentially creating safety issues

Unlike income taxes that scale with ability to pay, this tax would impose the same percentage burden regardless of income level.

Questionable Relationship Between Tax and Stated Goals

While the bill claims to address tire pollution, its revenue allocation raises serious questions about its true purpose:

- Only 25% of total revenue would actually support tire pollution mitigation
- 50% would fund rail transit and other public transportation initiatives
- 25% would fund wildlife crossing infrastructure

This distribution suggests the bill is primarily designed to fund transportation initiatives rather than addressing tire pollution through the most effective means possible.

Administrative Burden on Small Businesses

The bill creates significant compliance requirements for tire retailers, including:

- Quarterly reporting requirements
- Five-year record retention mandates
- Complex liability provisions that could extend to individual employees
- New accounting procedures to track and remit the tax

These requirements would create disproportionate administrative burdens for small, independent tire retailers and automotive repair shops.

Alternatives Not Considered

Other states have implemented more focused approaches to tire waste and pollution:

- Targeted disposal fees that directly fund tire recycling programs
- Producer responsibility requirements
- Incentives for longer-lasting tire technology and proper maintenance
- Direct investment in tire recycling infrastructure

These alternatives could more effectively address tire pollution concerns without imposing a broad-based tax on all consumers.

Conclusion

While I recognize the importance of addressing transportation infrastructure, wildlife protection, and environmental concerns, I believe House Bill 3362 represents an inappropriate approach that would burden Oregon consumers and businesses while failing to effectively target the stated problem of tire pollution.

I respectfully urge the committee to reject House Bill 3362 and instead consider more targeted, effective approaches to addressing tire waste and transportation funding that align with Oregon's established tax structure and principles.

Respectfully submitted,

Jaime Burnap