



OFFICE OF ADVOCACY FACTSHEET

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Advocacy Urges NHTSA to Minimize Small Business Impacts of New Tire Safety Standards

Concerned about the impact on small business, the Office of Advocacy submitted a letter in support of a Petition for Reconsideration filed with the National Highway Transportation Safety Administration (NHTSA). The petition was filed by Denman Tire Corporation, a small business manufacturer of specialty tires, regarding NHTSA's Federal Motor Vehicle Safety Standards; Tires Final Rule (FMVSS 139). Denman requested an exemption from the final rule. In its letter, Advocacy encouraged NHTSA to adopt a regulatory alternative that would minimize the economic impact on small business. A copy of Advocacy's letter can be obtained at: <http://www.sba.gov/advo/laws/comments/>.

- The final rule revises and updates safety performance standards for tires. It requires radial tires to undergo extensive high speed and endurance tests as well as a new low pressure test. In response to earlier comments, the agency excluded specialty bias ply tires from the rule, but not limited production specialty radial tires. Specialty bias and limited production specialty radial tires are manufactured in small quantities for use on classic, antique, and special off-road vehicles that are not driven extensively on highways.
- Consistent with comments it filed during the rulemaking, Denman informed Advocacy that the rule would have a significant economic impact on its ability to remain viable. Three small manufacturers make specialty tires. Only Denman manufactures limited production specialty radial tires as a significant portion of its business. The expense of doing the new testing is so burdensome that Denman will go out of business if it is forced to comply with the final rule. If the company stops manufacturing limited production specialty radial tires, it will also fail.
- NHTSA certified that the rule would not have a significant impact on small entities. In its small business impact analysis, the agency did not estimate the economic impact of the rule on small manufacturers of limited production specialty radial tires. Denman and Advocacy disagree with NHTSA's certification and are urging NHTSA to consider less burdensome alternatives.
- In its letter, Advocacy urges the agency to exclude limited production specialty radial tires from the final rule when the number of highway miles driven per year is insignificant and fewer than 15,000 tires of the specified size and design are produced annually. Instead, limited production specialty radial tires would remain regulated under existing FMVSS standards 109 and 119. Advocacy believes that this alternative will minimize the economic impact on small businesses while still achieving the agency's regulatory objective.

For more information, visit Advocacy's web page at <http://www.sba.gov/advo> or contact Carrol Barnes at (202) 205-6533.