

## Supporting Statement

OMB Control No. 2127-0050

### 49 CFR Part 574, Tire Identification and Recordkeeping

**1. Explain the circumstances that make the collection of information necessary. Attach a copy of the appropriate statute or regulation mandating or authorizing the collection of information.**

49 U.S.C. 30117(b) requires each tire manufacturer to collect and maintain records of the names and addresses of the first purchasers of new tires. This information is collected and maintained to make it easier for tire manufacturers to identify and notify new tire purchasers, in the event of a determination that the tire is defective or in noncompliance with a Federal motor vehicle safety standard.

To carry out this mandate, 49 CFR Part 574 required tire dealers and distributors to record the names and addresses of retail purchasers of new tires and the identification number(s) of the tires sold. Part 574 specified a form to be provided to tire dealers and distributors by tire manufacturers for recording this information. The completed forms are returned to the tire manufacturers where they are retained for a specified period of years after the date received by the manufacturer. Additionally, motor vehicle manufacturers are required to record the names and addresses of the first purchasers of new motor vehicles, together with the identification numbers of the tires on the new vehicles.

On October 15, 1982, the Motor Vehicle Safety and Cost Savings Authorization Act of 1982 (P.L. 97-311) was signed into law. This law prohibited the National Highway Traffic Safety Administration (NHTSA) from enforcing the mandatory tire registration provisions in 49 CFR Part 574 against dealers and distributors whose business is not owned or controlled by a tire manufacturer (hereinafter referred to as "independent dealers"). For independent dealers, Congress specified that a voluntary registration system would take effect as soon as this agency specified the format and content of the voluntary tire registration forms and standardized the forms for all independent dealers. A final rule specifying the necessary requirements was approved by the Office of Management and Budget (OMB), and published at 49 FR 4755; February 8, 1984.

It should be emphasized that the previously specified mandatory tire registration requirements remain applicable to all dealers and distributors other than independent dealers (hereinafter referred to as "non-independent dealers"), and that the requirements for tire and vehicle manufacturers are unchanged.

**2. Indicate how, by whom, and for what purpose the information is to be used. Indicate actual use of information received from the current collection.**

The information is used to facilitate notification by tire manufacturers to first purchasers of defective or nonconforming tires, so that the purchasers may take appropriate action in the name of motor vehicle safety. The information is used by a tire manufacturer when it determines that some of its tires either fail to comply with an applicable safety standard or contain a safety-related defect. With the information on the registration form, the tire manufacturer can notify the first purchaser of the tire and provide the purchaser with any necessary information or instructions.

If the information in this data collection were not collected, tire manufacturers would be in non-compliance with their statutory duty to collect the names and addresses of first purchasers of new tires (imposed by 49 U.S.C. §30117(b)) and the Secretary of Transportation would not be in compliance with the statutory mandate to establish the voluntary tire registration procedures for independent dealers, as specified at 49 U.S.C. §30117(b)(2)(B).

The forms on which the information is to be recorded are provided by the tire manufacturers to both independent and non-independent dealers. The following describes the collection of information responsibilities of tire dealers, tire manufacturers, and motor vehicle manufacturers pursuant to Part 574.

Responsibilities of Independent Tire Dealers - In the case of independent dealers, 49 USC §30117(b)(2)(B) now specifies that they must record the tire identification number(s) of the tire(s) sold on a paper registration form, and hand that form to the tire purchaser. The purchaser is then free to complete the remaining information, place a stamp on the registration form, and return it to the tire manufacturer. However, as described in Section 3 below, the agency has now completed rulemaking on Part 574 requirements to allow electronic means to be used to register tires purchased from independent tire dealers, in lieu of filling out and mailing the paper forms.

Responsibilities of Non-Independent Tire Dealers - The non-independent dealers (i.e., tire dealers that are owned or directly controlled by the tire manufacturer) are required to record the tire identification number(s) of the tire(s) sold, the purchaser's name and address, and the seller's name and address on the form specified in Part 574. The non-independent dealers are required to return this form directly to the tire manufacturer. However, at the point of sale of the tires, the agency believes that most if not all of the non-independent tire dealers are using electronic methods to transmit the tire purchaser information to the tire manufacturer.

Responsibilities of Tire Manufacturers - Part 574 requires the tire manufacturers to maintain a record of the information on the registration forms received from both independent and non-independent dealers for five years from the date of the tire sale. Tire manufacturers are permitted to destroy the registration information after five years.

Responsibilities of Motor Vehicle Manufacturers - Motor vehicle manufacturers are required to record the tire identification numbers of the tires shipped on new motor vehicles to car dealers (original equipment tires). Car dealers return the names and addresses of the vehicle purchasers to the vehicle manufacturers, who then match these names and addresses with the vehicle tire numbers. The motor vehicle manufacturers must retain this information for five years from the date of the sale of the vehicle.

**3. Describe whether the collection of information involves the use of technological collection techniques or other forms of information technology.**

Although for many years the tire registration requirements in Part 574 specified that paper forms were to be used for recording tire purchaser information, the agency had issued several letters interpreting Part 574 to allow tire dealers to use electronic means to register tires for consumers. However, on November 28, 2008 the agency published in the FEDERAL REGISTER a final rule (73 FR 72358; see attachment) to amend Part 574 to specifically include provisions for the use of electronic means to collect tire registration information. The use of electronic means to collect tire registration information is completely voluntary as agreed upon by the tire dealers and the tire manufacturers, as well as tire purchasers who may choose to register their tires using the internet.

Under the new provisions in the final rule, independent tire dealers may now register the tire recordkeeping information (date of sale, tire dealer's name, purchaser's name and address, and tire identification numbers) directly with the tire manufacturer at the point of sale using any electronic means (internet, tire registration software, etc.) permitted by the tire manufacturer. This information is often collected as part of the tire sales transaction and now the tire dealer can use automated methods to automatically transmit this information directly to the tire manufacturer or its designee.

Many of the tire manufacturers also provide websites that allow tire purchasers to register their tires using the internet instead of mailing in the paper registration form. Information directing tire purchasers to tire registration websites, telephone numbers, etc., that are provided or authorized by the tire manufacturers can be printed on the tire registration forms given by independent tire dealers to the tire purchasers. Independent tire dealers also have the option of sending the completed tire registration forms to the tire manufacturer (or its designee), and the dealers may use electronic methods to complete the forms

(for example, using information collected during a sales transaction) thus reducing the paperwork burden on the tire purchaser.

For non-independent tire dealers, Part 574 now specifies that electronic means as authorized by the tire manufacturer may be used to transmit the tire registration information directly to the tire manufacturer or its designee. However, the agency believes that these tire dealers have been collecting this information electronically as part of the sales transaction and transmitting it directly to the tire manufacturer for many years, and that paper registration forms are not typically used as a means of registering tires. However, the revisions to Part 574 in the final rule codify what has been allowed for many years as stated in the agency's interpretation letters.

**4. Describe efforts to identify duplication. Show specifically why similar information cannot be used.**

NHTSA is the only Federal agency responsible for ensuring that new tires meet the need for safety. Thus, no other Federal agency is responsible issuing regulations requiring the collection and retention of information about sales of new tires to first purchasers. Since this information is required to be recorded only once and is not available elsewhere, there is no duplication. Without Part 574, information necessary to inform new tire purchasers of determinations of defects or noncompliances would not be available to the tire manufacturers. Thus, the information collected under this collection of information is unique and is not available through other sources.

**5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize the burden.**

Some of the tire dealers and motor vehicle dealers affected by this collection of information are small businesses. Minimizing collection of information requirements, NHTSA has ensured that at most, small businesses will need to spend 45 seconds per tire sale to record the tire sale information on the paper forms that, in the case of independent tire dealers, is then given to the purchaser.

We believe that many non-independent tire dealers and new motor vehicle dealers are already using electronic means to collect tire purchaser information at the point of sale and are then transmitting this information electronically to the tire manufacturers. However, it is not possible to reduce further the burden of the information collected from new tire purchasers because Congress mandated that independent tire dealers are required to provide tire registration information to consumers, or to register tire purchases, as specified in Part 574.

The revisions that were made in the Part 574 final rule included additional means to register tires with the expectation that the paperwork burden on independent tire dealers that are small businesses would be reduced. Small businesses may choose to implement automated registration systems that would allow them to register the tires at the point of sale for the consumer (similar to the methods now used by non-independent tire dealers). Therefore a small business, independent tire dealer will have the option of purchasing or otherwise obtaining software to automatically register tires, if they believe the investment in additional equipment or software will reduce their paperwork burden sufficiently to justify the investment. Otherwise, they can continue to provide paper forms to the purchasers.

**6. Describe the consequences to the Federal program or policy activities if the collection is not collected or collected less frequently.**

Since the information that is the subject of this collection of information is collected once, it cannot be collected less frequently. This collection of information is necessary so that tire manufacturers can identify purchasers of new tires that have been determined to either fail to comply with an applicable safety standard or contain a safety-related defect. If this information were not collected, tire manufacturers would have no ready means of being able to identify purchasers of affected tires.

In addition, if this information were not collected, the tire manufacturers would not be able to comply with the statutory duty specified at 49 U.S.C. §30117 (b), to maintain purchaser records.

**7. Explain any special circumstances that require the information collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.6.**

The procedures specified for this information collection are consistent with the guidelines set forth in 5 CFR 1320.6.

**8. Provide a copy of the FEDERAL REGISTER document soliciting comments on extending the collection of information, a summary of all public comments responding to the notice, and a description of the agency's action in response to the comments. Describe efforts to consult with persons outside the agency to obtain their views.**

As part of the periodic process to request OMB to renew approval of an existing collection of information, on January 24, 2008 we published in the FEDERAL REGISTER an announcement that NHTSA planned to ask OMB for a renewal of approval to collect the Part 574 information, and sought public comments on the proposed renewal (73 FR 4157; see attachment). This notice also included the agency's notice of proposed rulemaking (NPRM) to amend Part

574 to include additional means for tire dealers and tire purchasers to use electronic means to register tires. A 60-day comment period was provided for submission of public comments on the proposed renewal of this information collection and the proposed amendments to Part 574. The agency received comments from: CIMS; Dealer Tire; the National Association of Trailer Manufacturers; the National Automobile Dealers Association; the Rubber Manufacturers Association; Ms. Barbara Sachau; Safety Research and Strategies, Inc., the Small Business Administration's Office of Advocacy; Specialty Equipment Market Association; TBC Corporation; and the Tire Industry Association. The commenters generally supported the agency's proposal for amendments to Part 574, with some offering suggestions they believed would improve the rule. There were no comments directed specifically towards the subject of the agency's proposal to renew this information collection with OMB, or on the agency's estimates of the total reporting and recordkeeping burden resulting from this information collection.

On November 28, 2008 the agency published a final rule to amend Part 574 to specifically include provisions for the use of electronic means to collect tire registration information. A further description of these additional electronic means is included in Section 3 above. The amendments to Part 574 are effective 60 days after publication of the final rule, with optional immediate compliance permitted on the date of the final rule. Petitions for reconsideration may be submitted within 45 days of the date of the final rule. The agency does not yet know if any petitions for reconsideration will be submitted in response to the final rule.

On December 9, 2008 the agency published in the FEDERAL REGISTER an additional request for comments notice (73 FR 74799; see attachment) in which we asked that if the public had additional comments on the proposed renewal of this information collection with OMB, those comments should be provided directly to OMB within 30 days. This information was not included in the November 28, 2008 final rule because the agency did not know exactly when that final rule would be published. Therefore, a separate 30-day notice was issued specifically addressing the proposed renewal of this information collection with OMB.

**9. Explain any decision to provide any payment of gift to respondents, other than remuneration of contractors or grantees.**

No payment or gift will be provided to any respondent.

**10. Describe any assurance of confidentiality provided to respondents.**

Since NHTSA will neither collect nor maintain any of the information that is the subject of this collection of information, this question does not apply to NHTSA.

**11. Provide additional justification for any questions on matters that are commonly considered private.**

There are no private questions involved in this information-collection activity. Non-independent tire dealers are required to collect, and tire manufacturers are required to record, the name and address of the tire purchasers, the name and address of the tire seller, and the tire identification number(s) of the tire(s) sold.

**12. Provide estimates of the hour burden of the collection of information on the respondents.**

It is estimated that this collection affects approximately 10 million respondents annually. This group consists of approximately 20 tire manufacturers, 59,000 new tire dealers and distributors, and 10 million consumers who choose to register their tire purchases with the tire manufacturers. A response is required by motor vehicle manufacturers upon each sale of a new vehicle and by non-independent tire dealers with each sale of a new tire. A consumer may elect to respond when he or she purchases a new tire from an independent dealer.

NHTSA requests OMB approval for three years (from March 1, 2009 through March 1, 2012) for this collection of information. NHTSA has issued a final rule that permits electronic collection of information procedures for Part 574. As stated in the final rule, the collection of information burden is estimated as follows:

Tire Manufacturers	20
New tire dealers and distributors	59,000
Consumers	10,000,000
Total tire registrations	54,000,000
Total registration hours (by purchasers)	225,000 hours
Recordkeeping hours (transfer of handwritten data to electronic plus electronic collection and electronic storage of data by tire manufacturers)	25,000 hours
Total annual tire registration and recordkeeping hours	250,000 hours

Under the final rule revisions to Part 574, tire registration by purchasers is now facilitated by additional electronic means, and this may result in an increased response rate for tire purchasers as described in the notice. Given that the various new options of registering new tires are voluntary, we do not know to what extent they would be utilized by independent tire dealers, tire manufacturers and consumers. Therefore, based on the information that is available, these are our estimates of burden.

The same information (name and address of the purchaser) would be collected regardless of the format (either filling out the paper form or typing the information on a company website). Because some people type faster and some people write faster, NHTSA believes that the amount of time it will take to provide information about the name and address of the purchaser would be very roughly the same, regardless of the format. To the extent more consumers registered their tires, actual burdens realized could thus increase concomitantly with the higher registration rates. On the other hand, it may be possible for tire manufacturers and independent tire dealers to develop electronic tire registration systems tied in with systems currently used for sales transactions to automatically register the tires with the tire manufacturer at little additional cost.

NHTSA believes that virtually all recordkeeping by tire manufacturers is already done electronically. NHTSA estimates that it takes roughly 25,000 hours to transfer handwritten data to an electronic format for storage. Because, with website-based information, there would be no change in format (i.e., going from electronic reporting to electronic storage), NHTSA believes there would be virtually no burden hours imposed in transferring information provided on a tire manufacturer's website to a recordkeeping site. For these reasons, NHTSA believes the recordkeeping burden hours for tire manufacturers would remain at 25,000 hours.

The monetized cost associated with the total burden hours, using a labor rate of \$15.10 per hour<sup>1</sup>, is \$3,775,000 (\$15.10 x 250,000).

### **13. Provide estimates of the total annual cost to the respondents or record keepers.**

NHTSA believes that the collection of information associated with Part 574 is of a very elementary nature and thus can be collected electronically through websites that are already provided by most tire manufacturers. The purchasers can use their existing computer equipment and internet access to register their tires or they can use publicly available computer equipment and internet access at their local public library. Thus, NHTSA does not see any extra costs resulting from electronic collection of information procedures.

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<sup>1</sup> The median hourly rate among all occupations, May 2007, according to the Bureau of Labor Statistics; see [http://www.bls.gov/oes/current/oes\\_nat.htm#b00-0000](http://www.bls.gov/oes/current/oes_nat.htm#b00-0000).



**Postage Costs** - The main costs of this collection of information result from postage costs needed to mail the paper tire registration forms to the tire manufacturers. As earlier stated, NHTSA estimates that there are a total of 54,000,000 tire registrations per year. The comments from CIMS, a tire registration and recall service company, stated that each registration form on average lists between two to three tires. If it is assumed that it costs 27 cents (a postcard stamp) to mail half of 18 million forms (assuming each form registers three tires), the total postage can be estimated at \$2,430,000. The agency estimates that the other half of consumers will use tire manufacturer websites identified on the tire registration forms and register their tires using the internet, thus no postage would be needed for these forms.

**Costs to Print Paper Forms and to Record the Information** – According to information provided by CIMS, it costs three and one-half cents a tire to print the registration form and to retain information about the tire. Thus, these costs for 54 million tires is at most (an overestimate because we know in many cases more than one tire are registered on one form), \$1,890,000. However, this overestimate takes into account the loss resulting when forms are printed but not used to mail information to the tire manufacturer.

**Total Costs** – The total estimated costs to respondents to comply with this collection of information are estimated to be \$4,320,000 annually. (\$2,430,000 + \$1,890,000 = \$4,320,000).

**14. Provide estimates of annualized cost to the Federal Government.**

The Federal Government neither collects nor retains any information as a result of this collection of information. The information is collected by tire dealers, provided voluntarily by tire purchasers, and retained by tire manufacturers.

**15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.**

The agency continuously refines its cost burden estimates based upon the newest information that can be obtained from industry sources and also based upon information provided by tire industry and public responses to the Federal Register notices announcing application of renewal of this information collection. The \$1,080,000 decrease in Item 13 is due to the reductions in postage cost as more consumers register their tires using the internet rather than by mailing in the registration forms.

**16. For collections of information whose results will be published, outline plans for tabulation, and publication.**

This collection of information will not be published.

**17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

We request approval not to include the expiration date for OMB approval on the registration forms. This is an ongoing program, required by statute. Also, the registration forms are printed by private companies at their expense. Since the expiration date changes every three years, having the date on the forms means that dealers will have to get new cards (and discard the old ones) at least every three years, with no changes other than an different expiration date, or they would be giving out cards that have an expired date that may confuse consumers.

**18. Explain each exception of the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.**

No exceptions to the certification statement are made.

**ATTACHMENTS**

1. Title 49, United States Code, Chapter 301 (Motor Vehicle Safety)
2. Title 49, Code of Federal Regulations, Part 574, Tire Identification and Recordkeeping
3. January 24, 2008 FEDERAL REGISTER notice (60-day notice/NPRM)
4. November 28, 2008 FEDERAL REGSITER notice (final rule)
5. December 9, 2008 FEDERAL REGISTER notice (30-day notice)