

and vans) are sold with a temporary spare tire.<sup>38</sup> Thus, the average cost per vehicle for the new vehicle fleet will be  $\$1.04 (4 \times \$0.25 \times 0.85 + 5 \times \$0.25 \times .15)$  to  $\$4.15 (4 \times \$1.00 \times 0.85 + 5 \times \$1.00 \times 0.15)$ . On an average vehicle basis, based on the current tires that fail the test, the average cost is  $\$0.05$  per vehicle ( $1.04 \times .05$ ) to  $\$0.46$  per vehicle ( $\$4.25 \times .11$ ).

In the NPRM, the agency sought comment on whether the proposal, if it resulted in the lowest priced new tires being taken off the market (tires rated C for Temperature resistance appear to be lowest priced tires), would affect the market of new vehicle and aftermarket tire sales by either (a) increasing the popularity of alternatives to conventional new tires, such as temporary spare tires for new vehicles, and retreads and used tires in the aftermarket, or (b) encouraging tire manufacturers to making tradeoffs in tire construction, e.g., in traction, treadwear and rolling resistance, to improve the heat resistance of his tires. No commenters provided information on (a), but several tire manufacturers responded to (b) by indicating that tire manufacturers will need to alter design and/or construction attributes of their tires to comply with the proposed tests.<sup>39</sup> Based on the estimated failure rates for the testing parameters established in the final rule, the agency anticipates that the manufacturers will not need to invoke any strategies (e.g., reducing amount of tread or tread depth to lower heat build-up) that may have deleterious implications for treadwear or wet traction ability of the tire.

Finally, the agency anticipates that its revision to the load reserve provisions of FMVSS No. 110 will impose no costs on either tire or vehicle manufacturers.

#### B. Total Annual Costs

The agency anticipates that between 5 percent and 11 percent of the combined sales of P-metric and LT tires will not pass the adopted tests. There are an estimated 287 million light vehicle tires sold of which 5 to 11 percent might increase in price by  $\$0.25$  to  $\$1$  per tire. The overall annual cost for new original equipment and replacement tires is estimated at  $\$3.6$  million ( $287$  million tires  $\times .05 \times \$0.25$ ) to  $\$31.6$  million ( $287$  million tires  $\times .11 \times \$1$ ) and the net costs per equivalent life saved will be about

$\$5$  million based on the mid-point of cost and discounted benefits estimates.

We do not anticipate an increase in costs for the road hazard impact and bead unseating tests because our testing indicates that all current production tires pass these tests.

#### C. Testing Costs

The final rule is estimated to increase test costs by  $\$76.40$  per tire model tested. With about 5,540 tire models tested annually, the incremental test costs are estimated to be  $\$423,000$  per year.

The final rule will not require any new or different testing equipment than that currently used by tire manufacturers.

### IX. Effective Date

NHTSA is requiring tire and vehicle manufacturers to begin compliance on June 1, 2007. The agency believes that it has shown good cause for a four-year leadtime in section VI.E. of this document.

### X. Rulemaking Analyses and Notices

#### A. Executive Order 12866 and DOT Regulatory Policies and Procedures

Executive Order 12866, "Regulatory Planning and Review" (58 FR 51735, October 4, 1993), provides for making determinations whether a regulatory action is "significant" and therefore subject to Office of Management and Budget (OMB) review and to the requirements of the Executive Order. The Order defines a "significant regulatory action" as one that is likely to result in a rule that may:

(1) Have an annual effect on the economy of  $\$100$  million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or Tribal governments or communities;

(2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or

(4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the Executive Order.

NHTSA has considered the impact of this rulemaking action under Executive Order 12866 and the Department of Transportation's regulatory policies and procedures. This rulemaking document was reviewed by the Office of Management and Budget under

Executive Order 12866, "Regulatory Planning and Review." The rulemaking action was determined to be economically significant, as proposed. However, it is no longer economically significant. The rule is likely to result in an expenditure by automobile manufacturers and/or tire manufacturers of between  $\$3.6$  and  $\$31.6$  million in annual costs. The benefits are estimated to be 1–4 lives saved and 23–102 injuries reduced. NHTSA is placing in the public docket a FRE describing the costs and benefits of this rulemaking action. The costs and benefits are summarized earlier in this document.

#### B. Regulatory Flexibility Act

The Regulatory Flexibility Act of 1980 (5 U.S.C. 601 *et seq.*) requires agencies to evaluate the potential effects of their proposed and final rules on small business, small organizations and small governmental jurisdictions. I hereby certify that the final rule will not have a significant impact on a substantial number of small entities.

The final rule will affect motor vehicle manufacturers and tire manufacturers and/or suppliers. The agency, based on comments received to the NPRM, believes that three specialty tire manufacturers may be small businesses. However, we anticipate that the increase in price per tire for these manufacturers as a result of this final rule will have no real impact as they will pass on these prices to consumers.

There are thousands of small tire retail outlets that will in some small way be impacted by this rule. As mentioned earlier, increasing the price of the less expensive tire could potentially allow used tires and retread tires to make more inroads into the tire retail business. This may impact small businesses. At this time, it is unknown whether the impacts will be insignificant and just an increase in price to consumers, or whether there will be some competitive effects brought about by the price increase.

NHTSA estimates that there are only about four small passenger car and light truck vehicle manufacturers in the United States. These manufacturers serve a niche market. The agency believes that small manufacturers manufacture less than 0.1 percent of total U.S. passenger car and light truck production per year.

NHTSA notes that final stage manufacturers and alterers could also be affected by this rule. Many final stage manufacturers and alterers install supplier manufactured tires in vehicles they produce. The final rule will not have any significant effect on final stage manufacturers or alterers, however,

<sup>38</sup> Temporary spare tires are not covered by the final rule.

<sup>39</sup> To affect such a tradeoff, a tire manufacturer could alter the design construction of the core of the tire or could reduce the amount of tread on the tire. When one lessens the amount of tread on a tire, one lowers the heat build-up that occurs in the tire.