

**United States House of Representatives
Committee on Energy and Commerce
Subcommittee on Commerce, Manufacturing, and Trade
July 10, 2015 Hearing
“H.R. 985, Concrete Masonry Products Research, Education, and Promotion Act of 2015”**

Testimony of Kate Offringa, President, Vinyl Siding Institute

Dear Mr. Chairman, Ranking Member Schakowsky, and Committee Members,

Thank you for the opportunity to testify today at your hearing on “H.R. 985, Concrete Masonry Products Research, Education, and Promotion Act of 2015.”

My name is Kate Offringa, and I have the honor to serve as President of the Vinyl Siding Institute here in Washington. We are the trade association for manufacturers of vinyl and other polymeric siding and suppliers to our industry. Vinyl siding manufacturing is a \$2 billion industry that provides quality manufacturing jobs in this country. Further, our industry is an important part of the overall vinyl industry in the United States, a \$54.5 billion industry with nearly 3,000 vinyl producing facilities, and 350,000 employees, 70% of whose products go into building and construction.

On behalf of our association’s 44 member companies, I want to convey the Vinyl Siding Institute’s opposition to H.R. 985. We oppose this bill for 4 primary reasons:

1. The concrete masonry industry is free to do collective research, education and promotion of its products through its multiple trade associations.
2. Federal sponsorship of a check-off program amounts to a subsidy for the concrete masonry industry.
3. This bill would create a non-level playing field for competitive products like those manufactured by the companies I represent.

4. Creation of a check-off program for the concrete masonry industry will set a precedent encouraging manufacturers of all sorts of products to seek similar assistance from the federal government.

Please allow me to address each of those points in turn.

1. The concrete masonry industry is free to do collective research, education and promotion of its products through its multiple trade associations.

H.R. 985 is a bill designed (and I quote from the text) *“to enable concrete masonry products manufacturers to establish, finance, and carry out a coordinated program of research, education, and promotion to improve, maintain, and develop markets for concrete masonry products.”* To quote further from the notice for this hearing the intent is *“boosting overall sales and production of a particular good without reference to a specific brand.”* Mr. Chairman, Members of the Committee, that is the role of a trade association very simply and well stated.

We understand that the bill was introduced at the request of the masonry industry in part because many firms in that industry do not belong to organizations that contribute to concrete masonry research. Free ridership is a problem common to trade associations in every industry. The challenge is upon us as associations to show value to our members and encourage their participation. The free ridership problem is not unique to the concrete masonry industry and does not warrant government intervention.

2. Federal sponsorship of a check-off program amounts to a subsidy for the concrete masonry industry.

As stated, the intent of H.R. 985 is to provide a federally-sponsored mechanism that will assess the concrete masonry industry for funds to conduct research and promotion for its products. As competitors to the concrete masonry industry, my member companies oppose this bill, which will, if enacted, provide the concrete masonry industry with a substantial federally sponsored advantage over the research and promotion activities of our industry, thus providing the concrete masonry industry with an unfair competitive advantage over the products and systems of our industry.

The report accompanying S. 429, an identical bill considered by the Senate in the last Congress, stated that the cost to the federal government to oversee the proposed check-off program would be \$4 million per year. That sum is greater than the annual budgets of many trade associations, including the Vinyl Siding Institute. While H.R. 985, as drafted, provides for Department of Commerce recovery of administrative costs from the industry assessment, we do not believe that the total cost to the government can be recovered efficiently or effectively. Therefore, we are concerned that this program would not be cost neutral to the American taxpayer.

3. This bill would create a non-level playing field for competitive products like those manufactured by the companies I represent.

We understand that check-off programs are common in the agricultural industry, and we would like to draw a distinction for you between that industry and the building products industry, as it applies to this argument. In the eyes of the consumer, beef is generally beef, and milk is generally milk, with no obvious differentiation between producers. That ensures the ease with

which research and promotional programs can be funded and implemented without causing competitive disadvantage to any producer.

That is not the situation for the building products industry. There is a host of differences between concrete masonry, vinyl siding, and many other types of claddings for buildings. The inherent differences in our products create real competition between our categories within the broader building products industry. Federally-backed promotion of one type of cladding over another would amount to the federal government picking a winner. We believe the market should do that.

4. Creation of a check-off program for the concrete masonry industry will set a precedent encouraging manufacturers of all sorts of products to seek similar assistance from the federal government.

This is a slippery slope!

In conclusion, the Vinyl Siding Institute and its members oppose H.R. 985 for the subsidized advantage it would give one competitor above all others. We ask that you consider the adverse effect passage and enactment of this bill would have on our industry. And we urge you to reflect on the dangerous precedent the legislation would set that could lead to any number of industries requesting check-off programs.

Thank you, once again, for the opportunity to be heard today. I would be happy to address any questions you have for me.

Respectfully submitted,

Kate Offringa
President
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