

Chairman Burgess, Vice Chairman Lance, Ranking Member Schakowsky, Committee members. It is an honor to appear before you today to address a topic I am passionate about, Made in the USA labeling and H.R.5092, The Reinforcing American Made Products Act of 2016.

Lifetime Products is an American Dream story started by a father, Barry Mower, who wanted to build a better basketball hoop for his children. Today, 30 years later, we employ 1,800 people in the U.S. and work every day to manufacture and keep those jobs in the U.S. It isn't easy, as you can imagine, when price is king, however, by being vertically integrated we've been able to keep the majority of our manufacturing here in the U.S.

Made in the USA labeling can be a powerful driver of consumers' purchasing decisions. When consumers are given a choice between purchasing a product made in the USA and a competing product made abroad, 78 percent of Americans would prefer to buy the American made product, according to a survey conducted by Consumer Reports in 2013. Consumers indicate that they wish to support American manufacturing and believe that American-made goods are of higher quality.

Since 1997, the Federal Trade Commission has enforced a stringent national labeling standard that requires products marked Made in the USA to be "all or virtually all" manufactured in the U.S. While providing the necessary protection, it gives companies a slight amount of leeway, permitting them to import negligible or *de minimus* components for their products. However, the significant part of the manufacturing process must always take place in the U.S., and any component vital to the product's core function must be domestically produced.

Currently one state's law has upended the FTC labeling system. A 50-year old CA state statute held that products bearing the Made in the USA label had to be composed of 100 percent domestic content. This could have been true of any individual state which created a Made in the USA standard, which virtually rendered the Made in the USA FTC label impossible to use.

Companies had no idea they were in violation of the state's labeling law and began being sued, which resulted in multi-million dollar settlements based on infractions as insignificant as an imported basketball net suspended from a \$500 Made in the USA basketball system. As companies have had to choose whether to follow the FTC's federal guidelines or the CA state statute, many have decided not to use the label, in essence, restricting access to consumers of the best made products in America.

California lawmakers soon recognized the problem and sought to address it. In 2013 and again in 2014, the state Assembly voted in favor to amend the state statute, but it failed to pass the Senate. In 2015, the Assembly voted to match the federal standard. This time Senators agreed to an amendment that loosened the state labeling law somewhat, but that still imposed a completely different test from the FTC and continued to leave manufacturers vulnerable to lawsuits.

Most manufacturers do not have the ability to control where their products are sold, because they sell their goods wholesale to national and international retailers. Even though the new California labeling law is less restrictive than the previous interpretation, it still creates a substantial interstate commerce problem. It is now more confusing, inviting more opportunities for the California statute and the FTC rule to clash.

The Made in the USA standard should be robust, meaningful, and difficult to meet. It should challenge manufacturers to source domestically and it should convey a clear, unified message to consumers in the United States and around the world. The FTC's Made in the USA standard provides jobs to the American people and the highest quality products to the American consumer.

The FTC standard demands a significant investment in American manufacturing—one that most companies must expend tremendous effort and expense to achieve. As such, when consumers choose products marked "Made in the USA" they should feel confident that they are supporting American manufacturing and jobs.

For decades we have followed the FTC standard, however, had we known about the potential of 50 different state standards, we may not have made the decision to keep those jobs in the U.S. Our

competitors had left and we may have left with them, but because we thought the FTC standard was the law of the land, we stayed.

In closing, the Federal Trade Commission Made in the USA standard protects US consumers and sets a level playing field for US manufacturers. Thank you for the time you give to serve our country and thank you for your efforts regarding H.R.5092, The Reinforcing American Made Products Act of 2016.

A handwritten signature in cursive script that reads "Richard Hendrickson".

Richard D. Hendrickson
Lifetime Products
President and CEO