Testimony of Donald Szczepaniak
President and CEO,
Prismview, LLC
Regarding Section 301 Tariffs on HTS 8542.31.0001
July 24, 2018

Thank you for the opportunity to appear today on behalf of Prismview and its more than 350 Utah-based employees. My Name is Don Szczepaniak, I am the President and CEO of Prismview, a proud U.S. manufacturing company. I'm appearing today to ask you to support Prismview's operations by removing our critical imports of LED modules from the list of articles subject to the Section 301 tariffs. First, let me tell you a little bit about Prismview.

While you might not have heard of Prismview, I'm sure you have seen and admired our products. Our team in Logan, Utah designs, engineers, manufactures and installs iconic large format LED-displays that adorn the outside of sports stadiums, Times Square skyscrapers, Las Vegas casinos and many other venues. You might have seen our displays in the new DC United stadium, the Chicago Bears and Baltimore Ravens' stadiums, the Aria, Wynn, and Cosmopolitan signs in Las Vegas, and the Sunglass Hut and National Geographic displays in Times Square. Today we are in the design and engineering phase of creating an iconic center-hung display for the new LA Rams stadium. When completed in 2020, it will be the biggest, most unique LED build in professional sports….ever.

Prismview has been operating in Logan, Utah since 2006. Today we have more than 350 employees working on the design, engineering and manufacture of LED digital billboard displays. Our employees manufacture printed circuit assemblies, build LED display cabinets from raw sheets of aluminum, and assemble and wire these components into large signs and cutting-edge displays This is <u>exactly</u> the kind of growth in skilled U.S. manufacturing jobs desired by President Trump and communities across America. Our employees do all the design,

engineering, and drafting…we are punching, bending and welding metal; building printed circuit assemblies from raw components, wiring and fabricating large pieces of complex LED displays that will be installed in locations across the United States and around the world. We create additional skilled jobs beyond our own employees. We buy many of our plastic and metal components from local Utah manufacturers. Our largest supplier of LED's is Cree Inc., a North Carolina company employing hundreds locally in their R&D, engineering, and manufacturing areas. Every time we install a display, we use dozens of contractors, truckers, electricians, crane operators, skilled welders and metal workers.

Prismview supports American jobs and American manufacturing, and we endorse the Administration's efforts to address China's unfair trade and intellectual property practices. Export sales are a critical growth area for Prismview, so we know full well of the unfair trade practices facing U.S. firms. Despite those practices, 40% of our total sales last year were products we sold overseas. However, like most U.S. companies, we also depend on imports for a portion of our supply chain, at least until we can get to the point of further expanding our manufacturing capability in Utah. We are not there yet, though. As a result, a 25 percent tariff on our imports would upend our supply chain, undermine our U.S. manufacturing operations, and make us uncompetitive against foreign LED manufacturers.

LED modules – which are basically two-sided printed circuit board assemblies with diodes encased in plastic on the front, and other components on the back – are an essential component for our displays. Although Prismview develops and engineers our module designs in the U.S., the manufacture of these modules is a simple assembly process that we conduct both in Utah, as well as China. They are imported as electronic integrated circuits under HTS code 8542.31.0001

We take those LED modules and transform them into sophisticated displays. We also design and build the primary steel structures that support the displays. Ultimately, everything gets assembled and installed at the customer site. LED components and the modules built from them are simply not readily available from a U.S. producer. Thus, a new 25 percent tax on imports of the LED modules threatens to make our Utah operations unsustainable.

While the tariff would harm Prismview, it would also not be effective in changing China's unfair trade practices. Indeed, from Prismview's perspective, this proposed tariff would do the opposite.

Prismview is one of only a few outdoor LED display manufacturers in the U.S. Our competition comes directly from Chinese sign manufactures who often import fully manufactured LED displays – similar to what we manufacture in Utah. In most cases, our Chinese competitors' finished imports would not be subject to these new tariffs – putting us at a significant competitive disadvantage. The tariffs would also do nothing to achieve the intended goal of protecting U.S. intellectual property. Prismview's design and engineering operations are all in the United States. Access to imported LEDs and LED modules allows us to continue to maintain that activity in the United States. Lastly, the LEDs used in Prismview's modules are assembled in China from American-made wafers produced in North Carolina by Cree Inc. The Cree LEDs that we import are not the beneficiary of any Chinese government support or any of the unfair practices identified in USTR's investigation.

In summary, to protect and enhance quality U.S. manufacturing in Utah we respectfully request that you remove 8542.31.0001 from the list of tariff lines subject to 25 percent tariffs. On behalf of Prismview, LLC, I thank you for the opportunity to appear today.