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February 25, 2020

Senate Finance Committee
The Honorable Delores G. Kelley
3 East Miller Senate Building
Annapolis, Maryland 21401-1991

RE: SB 369 – Workgroup to Study Maryland’s Emerging Digital Economy

Dear Chairman Kelley and Members of the Committee:

The world now stands on the cusp of a technological revolution. The manufacturing sector is going to move on from the 20th Century model of long production lines and heavy machinery. The 21st Century is going to be the century of artificial intelligence, robotics, 3-D printing, cyber-physical systems, cloud computing, real-time data and as-yet uninvented digital technologies that will undoubtedly transform economic growth and human potential.

Maryland needs to be at the cutting edge of what is being called Industry 4.0. Our state needs to be prepared to lead the nation and even the world in a marriage of production and operations with smart digital technology, leading to a boost in productivity and growth.

This bill calls for the formation of a workgroup to study Maryland’s emerging digital economy. The original goal of the bill was quite aspirational and precipitated a very high fiscal note because the State Department of Commerce felt that it would need to engage a number of consultants to assist with the study. Yesterday, advocates for this study sat down with a representative of the Department of Commerce and agreed to submit an amendment that would significantly narrow the scope of the study and turn the study into a single year study. An amendment accomplishing this is currently being prepared and will be submitted to this Committee for its consideration shortly. It should eliminate nearly the entire fiscal note.

As amended, the topics to be covered by the study will be limited to the subsections of the bill numbered 5, 6, 7, 13, 14 and 15 on pages 4 and 5 of the bill. Thus the workgroup will be charged with examining the significant report of the Massachusetts Institute of Technology entitled “The Work of the Future: Shaping Technology and Institutions”, examining existing financial resources available to manufacturers seeking to invest in Industry 4.0 technology, making recommendations to facilitate the State’s robust entry into this developing industry sector, examining new and viable tax credits and programs for Maryland manufacturers to be more competitive and marketable in the new digital economy, and examining potential statutory and regulatory reforms.

The workgroup will be charged with reporting its initial findings and recommendations on or before June 30, 2021. In fairness, it is likely that the report will urge a continuation of the workgroup through the remainder of the year and into 2022, covering the portions of this bill that will be amended. Thereafter should the proponents of this bill secure all or partial funding required to hire a consultant that will be critical to perform the additional work, the workgroup shall submit their final report to the General Assembly on or before June 30th 2022.

Even in the currently-contemplated abridged form, the study proposed by this bill is critical to position Maryland to be a national, even international, leader in the newly developing Industry 4.0.

I hope the Committee will issue a favorable report on this bill.