

HOUSE BILL 622

C8

3lr1241
CF SB 906

By: ~~Delegates Qi, Phillips, and Stonko~~ **Stonko, Hartman, Vogel, and Wu**

Introduced and read first time: February 3, 2023

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 5, 2023

CHAPTER _____

1 AN ACT concerning

2 **Economic Development – Industry 4.0 Technology Grant Program**

3 FOR the purpose of establishing the Industry 4.0 Technology Grant Program in the
4 Department of Commerce to provide grants to certain small and medium–sized
5 manufacturing enterprises to assist those manufacturers with implementing new
6 Industry 4.0 technology or related infrastructure for certain purposes; establishing
7 the Industry 4.0 Technology Grant Fund as a special, nonlapsing fund; requiring the
8 Governor to include in the annual budget bill a certain appropriation to the Fund in
9 certain fiscal years; and generally relating to the Industry 4.0 Technology Grant
10 Program for manufacturers.

11 BY adding to

12 Article – Economic Development

13 Section 5–2301 through 5–2304 to be under the new subtitle “Subtitle 23. Industry
14 4.0 Technology Grant Program”

15 Annotated Code of Maryland

16 (2018 Replacement Volume and 2022 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – Economic Development**

20 **SUBTITLE 23. INDUSTRY 4.0 TECHNOLOGY GRANT PROGRAM.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 **5-2301.**

2 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
3 INDICATED.

4 (B) "FUND" MEANS THE INDUSTRY 4.0 TECHNOLOGY GRANT FUND.

5 (C) (1) "INDUSTRY 4.0 TECHNOLOGY" MEANS SMART HARDWARE AND
6 SOFTWARE MANUFACTURING TECHNOLOGIES.

7 (2) "INDUSTRY 4.0 TECHNOLOGY" INCLUDES:

8 (I) ADVANCED SENSOR INTEGRATION;

9 (II) EMBEDDED SOFTWARE SYSTEM APPLICATIONS;

10 (III) ROBOTICS AND AUTONOMOUS EQUIPMENT THAT COLLECT
11 DATA;

12 (IV) ENTERPRISE RESOURCE PLANNING (ERP) AND DATA
13 ANALYTICS SOFTWARE;

14 (V) CLOUD COMPUTING AND CYBERSECURITY SOLUTIONS;

15 (VI) ARTIFICIAL INTELLIGENCE (AI) FOR CONTINUOUS
16 IMPROVEMENT OF EFFICIENCY AND PRODUCTIVITY; AND

17 (VII) INFRASTRUCTURE REQUIRED TO IMPLEMENT A
18 QUALIFYING TECHNOLOGY.

19 (D) "PROGRAM" MEANS THE INDUSTRY 4.0 TECHNOLOGY GRANT
20 PROGRAM.

21 (E) "PROGRAM ADMINISTRATOR" MEANS THE ENTITY THAT HAS
22 AUTHORITY TO ADMINISTER THE PROGRAM.

23 (F) "SME MANUFACTURER" MEANS A SMALL OR MEDIUM-SIZED
24 ENTERPRISE MANUFACTURER.

25 **5-2302.**

26 (A) THERE IS AN INDUSTRY 4.0 TECHNOLOGY GRANT PROGRAM IN THE
27 DEPARTMENT.

1 **(B) THE DEPARTMENT MAY ENTER INTO A MEMORANDUM OF**
2 **UNDERSTANDING WITH A STATE-CHARTERED CORPORATION UNDER TITLE 10 OF**
3 **THIS ARTICLE TO AUTHORIZE THE STATE-CHARTERED CORPORATION TO**
4 **ADMINISTER THE PROGRAM IN ACCORDANCE WITH THIS SUBTITLE.**

5 **(C) THE PURPOSE OF THE PROGRAM IS TO ASSIST SME MANUFACTURERS**
6 **IN THE PURCHASE, IMPLEMENTATION, AND RELATED EMPLOYEE TRAINING OF**
7 **INDUSTRY 4.0 TECHNOLOGY AND RELATED INFRASTRUCTURE IN ORDER TO**
8 **INCREASE PRODUCTIVITY, EFFICIENCY, AND COMPETITIVENESS IN THE STATE AND**
9 **NATIONAL MANUFACTURING ENVIRONMENT.**

10 **(D) TO QUALIFY FOR A GRANT UNDER THE PROGRAM, AN SME**
11 **MANUFACTURER SHALL SUBMIT TO THE PROGRAM ADMINISTRATOR AN**
12 **APPLICATION THAT DEMONSTRATES THAT:**

13 **(1) THE COMPANY IS A QUALIFYING SME MANUFACTURER;**

14 **(2) THE COMPANY HAS BUSINESS OPERATIONS IN MARYLAND; AND**

15 **(3) THE COMPANY HAS BEEN IN EXISTENCE FOR OVER 1 YEAR.**

16 **(E) (1) IN AWARDING GRANTS UNDER THE PROGRAM, THE PROGRAM**
17 **ADMINISTRATOR SHALL AWARD GRANTS ON A COMPETITIVE BASIS BASED ON:**

18 **(I) THE PROPOSED PROJECT'S ALIGNMENT WITH ADOPTION OF**
19 **INDUSTRY 4.0 TECHNOLOGIES;**

20 **(II) THE APPLICANT'S DEMONSTRATED OVERALL COMMITMENT**
21 **TO, OR STRATEGY FOR, INDUSTRY 4.0 TECHNOLOGY ADOPTION;**

22 **(III) THE DEMONSTRATED POSITIVE IMPACT OF THE INDUSTRY**
23 **4.0 TECHNOLOGY ON THE APPLICANT'S BUSINESS OPERATIONS AND**
24 **COMPETITIVENESS; AND**

25 **(IV) ANY OTHER INFORMATION REQUESTED BY THE PROGRAM**
26 **ADMINISTRATOR.**

27 **(2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE**
28 **DEPARTMENT SHALL AWARD TO AN ELIGIBLE SME MANUFACTURER A GRANT OF AT**
29 **LEAST \$25,000, BUT NOT EXCEEDING \$500,000.**

30 **(3) (I) AN SME MANUFACTURER THAT RECEIVES A GRANT UNDER**
31 **THIS SUBSECTION SHALL PROVIDE MATCHING FUNDS IN THE AMOUNTS SPECIFIED**
32 **UNDER THIS PARAGRAPH.**

1 (II) THE DEPARTMENT SHALL ESTABLISH A SLIDING SCALE
2 FORMULA FOR THE MATCHING FUNDS REQUIRED BY AN SME MANUFACTURER TO
3 BE PROVIDED A GRANT UNDER THIS SECTION, WITH SME MANUFACTURERS WITH
4 FEWER EMPLOYEES REQUIRING A LESSER PERCENTAGE AND SME
5 MANUFACTURERS WITH MORE EMPLOYEES REQUIRING A HIGHER PERCENTAGE.

6 (4) (I) THE DEPARTMENT SHALL RESERVE AT LEAST 20% OF THE
7 FUNDS AVAILABLE DURING EACH FISCAL YEAR FOR AWARDING GRANTS UNDER THIS
8 SUBSECTION TO SME MANUFACTURERS THAT EMPLOY 50 OR FEWER EMPLOYEES.

9 (II) IF THE TOTAL AMOUNT OF GRANTS APPLIED FOR BY SME
10 MANUFACTURERS THAT EMPLOY 50 OR FEWER EMPLOYEES IS LESS THAN THE
11 AMOUNT OF FUNDS RESERVED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH
12 DURING A FISCAL YEAR, THE DEPARTMENT MAY UTILIZE THE BALANCE OF THE
13 RESERVED FUNDS FOR AWARDING GRANTS UNDER THIS SUBSECTION TO SME
14 MANUFACTURERS THAT EMPLOY MORE THAN 50 EMPLOYEES.

15 (F) (1) A GRANT AWARDED UNDER THE PROGRAM MAY BE USED FOR
16 PROJECTS THAT DIRECTLY AFFECT MANUFACTURING PROCESSES AND FOCUS ON
17 INVESTMENTS IN INDUSTRY 4.0 TECHNOLOGY COMMERCIAL-READY EQUIPMENT
18 THROUGH ESTABLISHED VENDORS OR RELATED INFRASTRUCTURE.

19 (2) WITHIN 1 YEAR AFTER RECEIVING A GRANT UNDER THE
20 PROGRAM, AN SME MANUFACTURER SHALL SUBMIT TO THE DEPARTMENT A
21 LETTER THAT:

22 (I) DESCRIBES HOW THE GRANT FUNDING WAS USED; AND

23 (II) INCLUDES ANY INVOICES RELATED TO THE
24 IMPLEMENTATION OF THE INDUSTRY 4.0 TECHNOLOGY OR RELATED
25 INFRASTRUCTURE.

26 (3) THE DEPARTMENT MAY REQUIRE A GRANT RECIPIENT THAT
27 FAILS TO FULFILL THE REQUIREMENTS OF THE GRANT TO RETURN ALL OR PART OF
28 THE GRANT TO THE PROGRAM.

29 5-2303.

30 (A) (1) THERE IS AN INDUSTRY 4.0 TECHNOLOGY GRANT FUND.

31 (2) THE SECRETARY SHALL ADMINISTER THE FUND.

1 **(3) (I) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**
2 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

3 **(II) THE STATE TREASURER SHALL HOLD THE FUND**
4 **SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

5 **(B) THE FUND CONSISTS OF:**

6 **(1) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND; AND**

7 **(2) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**
8 **THE BENEFIT OF THE FUND.**

9 **(C) THE FUND MAY BE USED ONLY FOR PROVIDING GRANTS UNDER THE**
10 **PROGRAM TO ELIGIBLE APPLICANTS.**

11 **(D) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND**
12 **IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

13 **(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO**
14 **THE GENERAL FUND OF THE STATE.**

15 **(3) FOR EACH OF FISCAL YEARS ~~2024~~ 2025 THROUGH 2028, THE**
16 **GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION OF**
17 **~~\$10,000,000~~ \$1,000,000 TO THE FUND.**

18 **5-2304.**

19 **THE SECRETARY SHALL ADOPT REGULATIONS NECESSARY TO CARRY OUT**
20 **THIS SUBTITLE.**

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 October 1, 2023.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.