



# Maryland

DEPARTMENT OF BUDGET  
AND MANAGEMENT

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*Governor*

BOYD K. RUTHERFORD  
*Lieutenant Governor*

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*Deputy Secretary*

## **HOUSE BILL 1384 Economic Development – Industry 4.0 Technology Grant Program (Maryland Manufacturing Innovation Act of 2022) (Qi)**

### **STATEMENT OF INFORMATION**

**DATE:** March 9, 2022

**COMMITTEE:** House Ways & Means

**SUMMARY OF BILL:** HB 1384 establishes the Industry 4.0 Technology Grant Program in the Department of Commerce to promote smart hardware and software manufacturing technologies among small and mid-sized manufacturers, the purpose of which is to increase productivity, efficiency and competitiveness in the State and nationally; and mandates an annual appropriation in the amount of \$5 million.

**EXPLANATION:** The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the \$5 million mandated appropriation provision that impacts the FY 2024 budget and subsequent budgets. The FY 2023 Budget allowance contains \$1 million for a Maryland Manufacturing Modernization Pilot Program, which has the same focus as the legislation.

DBM has the responsibility of submitting a balanced budget to the General Assembly annually, which will require spending allocations for FY 2024 to be within the official revenues estimates approved by the Board of Revenue Estimates in December 2022.

Changes to the Maryland Constitution in 2020 provide the General Assembly with additional budgetary authority, beginning in the 2023 Session, to realign total spending by increasing and adding items to appropriations in the budget submitted by the Governor. The legislature's new budgetary power diminishes, if not negates, the need for mandated appropriation bills.

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist, thereby impacting the Maryland economy. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability. The Department continues to urge the General Assembly to focus on maintaining the structural budget surplus.

**For additional information, contact Barbara Wilkins at (410) 260-6371**

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