



Larry Hogan | Governor  
Boyd Rutherford | Lt. Governor  
R. Michael Gill | Secretary of Commerce  
Signe Pringle | Deputy Secretary of Commerce

**DATE:** March 9, 2022  
**COMMITTEE:** Ways and Means  
**BILL NO:** House Bill 1384  
**BILL TITLE:** Economic Development - Industry 4.0 Technology Grant Program (Maryland Manufacturing Innovation Act of 2022)

## Statement of Information

House Bill 1384 establishes an Industry 4.0 Technology Grant Program to be administered by the Department of Commerce (Commerce). The intent of this fund is to provide matching grants to small and mid-sized manufacturers in Maryland to assist those manufacturers with implementing new Industry 4.0 technology or related infrastructure.

The manufacturing industry is rapidly changing, with the need to adopt new technologies, machinery and robotics, and digital business practices in order to remain competitive and drive growth. The concept of Industry 4.0 focuses on the digitization and automation of manufacturing facilities. States such as Pennsylvania, North Carolina, Ohio, and Iowa are making significant investments in their manufacturing sectors to support this transition to a digital economy, increase their global competitiveness and ensure the retention of this critical sector of their economies.

The Transforming Manufacturing in a Digital Economy Workgroup, created through legislation in 2021 and staffed by Commerce, has been meeting since last fall to discuss ways to support the manufacturing sector with the transition to the digital economy. The Industry 4.0 Technology Grant Program is a key recommendation from this Workgroup.

Additionally, Governor Hogan included \$1,000,000 in the FY 2023 budget allowance for Commerce to establish the Maryland Manufacturing Modernization (M3) Pilot Program. The intent of this program is aligned with the intent of HB 1384 - to provide matching grants to small and mid-sized manufacturers to assist with Industry 4.0 technology adoption. If approved, Commerce would establish the initial pilot program requirements to align with the requirements and intent of HB 1384, allowing for a seamless transition to implement this program when funding begins in FY 2024.

In order for Maryland manufacturers to increase competitiveness, improve efficiencies, and grow their businesses, adoption of new technology and digital business practices are critical. Small and mid-size manufacturers face many hurdles to implementation of new technologies as the upfront cost of these projects can be high, the return on investment may not be immediate, and the decision-making process can be challenging as companies must identify which investments to make and in what sequence, in order to have the greatest overall positive impact on the business.

The grant program created through HB 1384 would support critical investments by Maryland manufacturers while offsetting the upfront costs and lower the risk of investment in new technologies. It also combines grant funds with the technical expertise of third-party providers to develop a comprehensive solution to support the modernization of Maryland manufacturers.