

HB0622 -- Economic Development - Industry 4.0 Tech

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Position: FAV



House Bill 622 -- *Economic Development - Industry 4.0 Technology Grant Program*
Senate Budget and Taxation Committee
March 28, 2023
Support

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, supports House Bill 622 -- *Economic Development - Industry 4.0 Technology Grant Program*

House Bill 622 establishes the Industry 4.0 Technology Grant Program in the Department of Commerce to provide grants to small and medium-sized manufacturing enterprises to assist those manufacturers with implementing new Industry 4.0 technology. Industry 4.0 technology means smart hardware and software manufacturing technologies. The purpose of the program is to assist enterprise manufacturers in the purchase, implementation, and related employee training of Industry 4.0 technology to increase productivity, efficiency, and competitiveness in the State and national manufacturing environment.

MCCC is supportive of policies that seek to diversify the economy and grow a variety of industries. For the Metro Maryland region and many other parts of the State, technology-focused manufacturing can create jobs and grow economic opportunities. Maryland's policymakers can play a pivotal role by providing incentives for these advanced industries to better compete here in Maryland. Providing incentives for implementing Industry 4.0 technology can help put Maryland on the cutting edge of smart hardware and software manufacturing technologies and continue to diversify the economy.

For these reasons, the Montgomery County Chamber of Commerce supports House Bill 622 and respectfully requests a favorable report.

The Montgomery County Chamber of Commerce, on behalf of our nearly 500 members, advocates for growth in business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and a proud Montgomery County Green Certified Business.

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Position: FWA



Wes Moore | Governor
Aruna Miller | Lt. Governor
Kevin A. Anderson | Secretary of Commerce
Signe Pringle | Deputy Secretary of Commerce

DATE: March 28, 2023
BILL NO: House Bill 622
BILL TITLE: Economic Development - Industry 4.0 Technology Grant Program
COMMITTEE: Senate Budget & Taxation
POSITION: Support with Amendment

The Maryland Department of Commerce (Commerce) supports House Bill 622 - Economic Development - Industry 4.0 Technology Grant Program with amendment.

Background

House Bill 1384 establishes an Industry 4.0 Technology Grant Program to be administered 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.

Commerce is requesting an amendment to alter the mandated funding provision on page five of the bill. The attached amendment would require that the Governor provide an appropriation to the Fund in fiscal years 2025 through 2028 but would not specify the amount of the appropriation.

Rationale:

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.

Additionally, Commerce is in the process of awarding nearly \$1,000,000 in grants through the Maryland Manufacturing Modernization (M3) Pilot Program. The intent of this program is aligned with the intent of HB 622 - to provide matching grants to small and mid-sized manufacturers to assist with Industry 4.0 technology adoption. If approved, Commerce would be able to quickly implement the program using processes already in place for the Pilot Program.

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 622 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.

The Department of Commerce respectfully requests a favorable report with amendment on House Bill 622.

AMENDMENTS TO HOUSE BILL 622
(First Reading File Bill)

AMENDMENT NO.1

On page 1, in line 8 strike “a certain” and insert “an”

AMENDMENT NO. 2

On page 5, in lines 16 and 7 strike “**OF \$1,000,000**”