

Lily Qi  
Legislative District 15  
Montgomery County

Economic Matters Committee

Chair  
Business Regulation Subcommittee



The Maryland House of Delegates  
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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

February 23, 2023

Dear Members of the Ways and Means Committee,

HB 622 establishes the Industry 4.0 matching grant program to help small and medium sized manufacturers (SMEs) adopt new technologies and stay competitive.

Keeping up with technological changes is a critical barrier to many SMEs, which have both hardware and software to update in order to keep up with productivity. As chair of the Transforming Maryland Manufacturing Workgroup, or Making It In Maryland, I was able to hear the challenges Maryland manufacturers have in keeping up with the rapid pace and rising costs of technology development.

This committee is aware of the statewide workgroup created in 2021 by the General Assembly to modernize and grow Maryland manufacturing. After over one year of work including research of other states' policies and practices, this group recommends creating a matching grant program for Maryland SMEs to help them de-risk the adoption of technologies. This program is modeled after good practices from other states with similar programs, including Massachusetts, Iowa, Connecticut, and Indiana.

Maryland manufacturing is a diverse industry, and we have some great companies here creating tremendous job and economic opportunities. However, as a state we have not focused on growing this sector as we have on some others. With the global supply chain challenges exacerbated by the COVID-19 pandemic, states are working to find ways to increase domestic production. This has also been emphasized by the Biden Administration's commitment of Making it in America.

The program will be housed in the Department of Commerce, with the Department able to select a state-chartered corporation under Title 10 (such as MEDCO, TEDCO) to administer the grant program. This bill is a big ask - \$10 million a year for the program over 5 years. However, the demand for this money is there, and it is greatly needed. Last fiscal year, former Governor Hogan introduced his own one-year Industry 4.0 pilot program, with an allocation of \$1 million. There were 57 applicants for grant, and 23 were given awards totaling \$986,400.

HB 622 will help Maryland's small and medium manufacturers become more competitive, which will help the industry create high quality jobs, grow Maryland's economy, and expand the State's tax base. Overall, it shows that Maryland cares about its small and medium manufacturers and is willing to support a critical industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lily Qi'.

Delegate Lily Qi