



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

DATE: February 23, 2023
COMMITTEE: Ways and Means
BILL NO: House Bill 622
BILL TITLE: Economic Development - Industry 4.0 Technology Grant Program
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 line 7 strike “4” and insert “5”

AMENDMENT NO. 3

On page 5, in lines 8 and 9 strike “**OF \$10,000,000**”