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Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Santucci and Demetriou

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SUMMARY

- Establishes the Manufacturing Technologies Assistance Grant program to provide grants for projects that increase the productivity, efficiency, and competitiveness of a manufacturing operation in Ohio.
- Requires the Director of Development to administer the program and establishes priorities for evaluating which projects receive grants.
- Reserves one-half of funds for eligible manufacturers with 50 or fewer full-time employees and one-half of funds for eligible manufacturers with 51 to 500 full-time employees.
- Requires an eligible manufacturer that receives a grant to keep a record of all expenditures for which the grant is used and the amount of private funds raised and used related to the project.
- Upon the completion of the project, or two years after the grant is awarded, requires a report to be submitted that includes all of the following:
 - A description of the project's implementation;
 - The total cost of the project, including the costs for which private funds were used;
 - A full accounting of the expenditures for which the grants were used.
- Stipulates that all unused funds, funds used for ineligible expenses, and funds not matched by private contributions be returned.

DETAILED ANALYSIS

Manufacturing Technologies Assistance Grant program

The bill establishes the Manufacturing Technologies Assistance Grant program to provide grants for “eligible projects” that increase the productivity, efficiency, and competitiveness of a manufacturing operation in Ohio.¹ A grant can only be used for expenses related to the eligible project.²

An eligible manufacturer that seeks a grant may apply to the Director of Development. An “eligible manufacturer” is a person that:

- Manufactures, processes, assembles, or refines goods at a facility located in Ohio;
- Has a North American Industry Classification System (NAICS) code within the manufacturing sector range of 31 to 33;
- Has operated as a manufacturer in Ohio for at least three years before the application date;
- For three years before the application date, has derived at least 51% of the person’s gross revenue from the sale of the manufactured goods;
- As of the application date, employs not more than 500 full-time employees at one or more locations;
- Demonstrates an ability to provide matching funds from private sources equal to the requested grant amount;
- Has no outstanding tax or other liabilities owed to Ohio and is in good standing with the Secretary of State, Department of Development, and any other governmental entity charged with regulating the person’s manufacturing business;
- Attests that the person is in compliance with all applicable federal, state, local requirements applicable to the person’s manufacturing business, including tax payments and code enforcement;
- Attests that the person is not currently in bankruptcy.³

Application for a Manufacturing Technologies Assistance grant

Before applying for a grant, an eligible manufacturer must obtain an assessment of the proposed project from the Ohio Manufacturing Extension Partnership (MEP) under the Department of Development. Under continuing law, unchanged by the bill, the MEP is a joint

¹ R.C. 122.162(B)(1).

² R.C. 122.162(C).

³ R.C. 122.162(A)(2).

initiative of the Department of Development's Office of Technology Investments and the U.S. Department of Commerce National Institution of Standards and Technology (NIST). The MEP assists "small and medium-sized manufacturers to increase sales, create jobs, and generate cost savings through technological innovation, workforce training, and improved management practices."⁴

The Director must review and score applications using a competitive process that gives preference to the following:

- Applicants that derive a higher percentage of their gross revenue from the sale of manufactured goods;
- Eligible projects that receive a favorable assessment from a manufacturing industry partner;
- Applicants that have not previously deployed the manufacturing technology to be funded through the eligible project;
- Eligible projects that will be started immediately or that involve industrial infrastructure that will be purchased immediately;
- Eligible projects supported by evidence that the associated manufacturing technology will increase productivity, efficiency, and competitiveness.⁵

The Director may also request other manufacturing industry partners to conduct additional technical reviews of the eligible project and make recommendations as to whether the grant application should be approved or denied.⁶ Additionally, the Director is permitted to charge a nonrefundable application fee of up to \$100 for the purposes of administering the program.⁷ A project initiated before the effective date of this bill is not eligible for a grant.⁸

Reservation of funds

Under the bill, the Director must reserve one-half of the funds available through the program for projects submitted by eligible manufacturers with 50 or fewer full-time employees, and one-half of available funds for eligible manufacturers with 51 to 500 full-time employees. The Director, with the approval of the Controlling Board, can reallocate such funds to eligible projects submitted by the other class of eligible manufacturers if the full amount of the funds

⁴ R.C. 122.162(B)(2); [Ohio Manufacturing Extension Partnership \(Ohio MEP\)](#), which may be accessed by conducting a keyword search for "Ohio MEP" on the Department of Development's website: <https://development.ohio.gov/home>.

⁵ R.C. 122.162(B)(3).

⁶ R.C. 122.162(B)(2).

⁷ R.C. 122.162(B)(6).

⁸ R.C. 122.162(C).

available to that other class of eligible manufacturers has been approved for disbursement as grants under the program.⁹ A grant amount cannot exceed \$150,000.¹⁰

Records

The bill requires an eligible manufacturer that receives a grant under the program to keep records of all expenditures related to the project and any private funds raised and used for the project. The records can include paid invoices, cancelled checks, payroll records, and other documentation acquired when the expense occurred. The records must be maintained for at least five years and made available for inspection by the Department of Development.¹¹

Upon the completion of an eligible project, or two years after the Director awards a grant, the eligible manufacturer must submit a report to the Department of Development that includes all of the following information:

- A description of the project's implementation;
- The total cost of the project, including the costs for which private funds were used;
- A full accounting of the expenditures for which the grants were used.¹²

Additionally, any unused funds, funds used for ineligible expenses, and funds not matched by private contributions must be returned.¹³ The Director is required to report any funds required to be returned and left unpaid 90 days after the report is submitted to the Attorney General for collection.¹⁴

Director of Development responsibilities

The Director of Development, in administering the program, must adopt rules that prescribe all of the following:

- An application process for the grant program, including the designation of one or more periods each year during which applications will be accepted;
- The competitive process to review and score applications;
- The form of the final report to be given to the Department of Development.¹⁵

⁹ R.C. 122.162(B)(4) and (5).

¹⁰ R.C. 122.162(C).

¹¹ R.C. 122.162(D)(1) and (2).

¹² R.C. 122.162(D)(3).

¹³ R.C. 122.162(D)(4).

¹⁴ R.C. 122.162(D)(5).

¹⁵ R.C. 122.162(E).

Appropriation

The bill creates the manufacturing technologies assistance fund and requires the contents to be used by the Director of Development to award grants and administer the program. It also appropriates \$12 million to the fund for FY 2025.¹⁶ The balance of the fund from which the appropriation is made is currently insufficient to make the appropriation required by the bill. However, money could be transferred to that fund by future acts of the General Assembly.

HISTORY

Action	Date
Introduced	02-27-24

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¹⁶ R.C. 122.162(F); Sections 2 through 4.