



# OHIO CHAMBER OF COMMERCE

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**Ohio Chamber of Commerce**  
*Proponent Testimony – House Bill 435*  
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Good morning, Chair Edwards, Vice Chair LaRe, Ranking Member Sweeney, and Members of the House Finance Committee, and thank you for the opportunity to provide testimony in support of House Bill 435. My name is Rick Carfagna, and I am the Senior Vice President of Government Affairs for the Ohio Chamber of Commerce.

For 131 years, the Ohio Chamber has served as the state's leading business advocate and represents over 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness, and growth for the benefit of all Ohioans.

House Bill 435 creates the Manufacturing Technology Assistance Program (or MTAP), targeting small and medium-sized manufacturers otherwise lacking the capital and capability to modernize their machinery and facilities. This \$12 million grant program is modeled after similar efforts in both Indiana and Iowa. We are grateful to our advocacy partners at the Ohio Manufacturers' Association (OMA), and the bill's sponsors, Representatives Nick Santucci and Steve Demetriou, who understand Northeast Ohio's economic challenges in transitioning manufacturers from legacy machinery.

It has never been a better time in history to be an Ohioan. We have an abundance of resources and variables working in our favor, including a low cost of living and a high quality of life. Our GDP is the 7<sup>th</sup> largest in the United States (\$698.5 billion), and if Ohio were a separate country it would be the 21<sup>st</sup> largest economy – behind Switzerland but ahead of Poland, Sweden, and Belgium. At 17.5%, manufacturing's contribution to Ohio's GDP in 2022 (among all private industries) continued to be significantly greater than that of any other industry sector.

We are now entering into a manufacturing renaissance unlike anything witnessed by any other state in our country with Ohio's manufacturing sector GDP 4<sup>th</sup> in the nation, and we also rank 3<sup>rd</sup> in total manufacturing employees and total payroll. What may come as a

surprise to many, however, is that most Ohio manufacturing firms (47%) employ fewer than ten people, according to the OMA. OMA data also reveals that in 2021, mid-sized manufacturing firms (100-499 employees) employed 40% of Ohio's manufacturing employees while 0.4% of firms employ 1,000 or more people.

Just as the Mega Projects Program from two budget cycles ago has lured significant large-scale manufacturing investments, the smaller grant program proposed under HB 435 would serve those at the other end of the spectrum. Many small and medium-sized Ohio manufacturers still use 20- to 50-year-old equipment and machinery. The one-time capital assistance provided by such a match would reward their ongoing state presence, stimulate modernization and private investment, and serve as a quality retention and growth tool.

Indiana has had remarkable success with its own Manufacturing Readiness Grant Program, launched in 2020, which has yielded a total of 526 awards equating to \$56.9 million to 465 unique companies in 79 counties, accelerating proposed projects with combined budgets of \$812.7 million. Likewise, Iowa created its own Manufacturing 4.0 Technology Investment Grant program in January 2021, with its first cycle providing over \$7 million through 202 awards with project investments totaling over \$31 million.

In the fall of 2022, the Ohio Chamber unveiled our [\*Blueprint for Ohio's Economic Future\*](#), a constructive look at policy areas where Ohio can better capitalize on opportunities and position itself as a leader in the coming decade. Our **"Innovation and Collaboration"** section specifically recommends adopting a manufacturing readiness grant program identical to such under House Bill 435 to remain competitive in the 21<sup>st</sup> Century manufacturing landscape.

Chair Edwards and members of this committee, thank you again for your consideration of HB 435 and for recognizing the importance of this legislation. We stand ready to work with all of you to enact this grant program and ensure our small and medium-sized manufacturers can retool for the demands of the modern economy.