As Introduced

135th General Assembly
Regular Session **H. B. No. 435**
2023-2024

Representatives Santucci, Demetriou

Cosponsors: Representatives Lorenz, White, Williams

A BILL

To enact section 122.162 of the Revised Code to create the manufacturing technologies assistance grant program and make an appropriation.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 122.162 of the Revised Code be enacted to read as follows:

Sec. 122.162. (A) As used in this section:

(1) "Eligible project" means a project intended to increase the productivity, efficiency, and competitiveness of a manufacturing operation in this state by adopting and integrating manufacturing technologies and investing in industrial infrastructure.

(2)(a) "Eligible manufacturer" means a person that:

(i) Manufactures, processes, assembles, or refines goods at a facility located in this state;

(ii) Has a north American industry classification system code within the manufacturing sector range of thirty-one to thirty-three;

(iii) Has operated as a manufacturer in this state for at least three years before the application date;

(iv) Has derived, in the three years preceding the application date, at least fifty-one per cent of the person's gross revenue from the sale of manufactured goods;

(v) Employs, as of the application date, not more than five hundred full-time employees at one or more locations;

(vi) Demonstrates an ability to provide matching funds from private sources equal to the requested grant amount;

(vii) Has no outstanding tax or other liabilities owed to this state 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;

(viii) 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;

(ix) Attests that that the person is not currently in bankruptcy.

(b) "Eligible manufacturer" includes a subsidiary or affiliate of a person described in division (A)(2)(a) of this section if the subsidiary or affiliate meets the requirements of divisions (A)(2)(a)(i), (ii), (vi), (vii), (viii), and (ix) of this section.

(3) "Full-time employee" means an individual who is employed by an eligible manufacturer for consideration for thirty-five or more hours per week, or who renders any other standard of service generally accepted by custom or specified by

contract as full-time employment.

(4) "Industrial infrastructure" includes machinery, robotics, hardware, software, and equipment, and training expenses associated with any of the foregoing.

(5) "Ineligible expenses" include all of the following:

(a) Payment of any federal, state, or local tax obligations;

(b) Payment of nonbusiness-related expenses;

(c) Political expenses;

(d) Expenses for which the person has received, or will receive reimbursement from another source, including another government grant or loan program or insurance coverage;

(e) Mortgage, rent, or lease costs;

(f) Utility costs, including electric, gas, sewer, water, broadband services, and trash removal;

(g) Salaries, wages, or compensation paid to employees or independent contractors;

(h) Personal protective equipment, as defined in section 125.05 of the Revised Code.

(6) "Manufacturing industry partner" means either of the following:

(a) An industry sector partnership, as defined in section 122.179 of the Revised Code, organized to support the manufacturing sector;

(b) A regional partner of the manufacturing extension partnership administered by the department of development and the national institute of standards and technology within the United States department of commerce.

(B)(1) The manufacturing technologies assistance program is created within the department of development. Under the program, an eligible manufacturer may apply to the director of development for a grant to fund one or more eligible projects.

(2) Before applying for a grant under this section, an eligible manufacturer shall obtain an assessment of the proposed eligible project from the Ohio manufacturing extension partnership under the department of development. The eligible manufacturer shall include that assessment with the grant application. The director of development may request that one or more additional manufacturing industry partners complete a technical review of the application and make recommendations on whether to approve or deny the application.

(3) The director shall review and score applications using a competitive process under which the director gives preference to all of the following:

(a) Applicants that derive a higher percentage of their gross revenue from the sale of manufactured goods;

(b) Eligible projects that receive a favorable assessment from a manufacturing industry partner;

(c) Applicants that have not previously deployed the manufacturing technology to be funded through the eligible project;

(d) Eligible projects that will be started immediately or that involve industrial infrastructure that will be purchased immediately;

(e) Eligible projects supported by evidence that the associated manufacturing technology will increase productivity, efficiency, and competitiveness.

(4) Except as otherwise provided in division (B)(5) of this section, the director of development shall reserve one-half of the funds available to the program for eligible projects submitted by eligible manufacturers with fifty or fewer full-time employees, and one-half of such funds for eligible projects submitted by eligible manufacturers with more than fifty but not more than five hundred full-time employees.

(5) The director, with the approval of the controlling board, may reallocate funds reserved pursuant to division (B)(4) of this section for eligible manufacturers with fifty or fewer full-time employees, or funds reserved pursuant to that division for eligible manufacturers with more than fifty but not more than five hundred full-time employees, to eligible projects submitted by the other class of eligible manufacturers, if the full amount of funds available to that other class of eligible manufacturers has been approved for disbursement as grants under the program.

(6) The director may charge a nonrefundable application fee of up to one hundred dollars for the purpose of administering the program.

(C) The director shall not award a grant under this section for any eligible project initiated before the effective date of this section. The total grant amount awarded to an eligible manufacturer under this section shall not exceed one hundred fifty thousand dollars. An eligible manufacturer receiving a grant under this section shall use the grant solely to fund the eligible project described in the application. An eligible manufacturer shall not use the grant for ineligible expenses.

(D)(1) An eligible manufacturer that receives a grant under the program shall keep itemized records of both of the following:

(a) All expenditures for which the grant is used;

(b) The amount of private funds raised for the eligible project and the expenditures for which those funds are used.

(2) The records may include paid invoices, cancelled checks, payroll records, and other documentation acquired when the expense occurred. The eligible manufacturer shall retain the records for at least five years after the grant funds are fully expended. The records shall be made available for inspection by the department of development upon request of the department.

(3) Upon the completion of the eligible project or two years following the date the director awarded the grant, whichever is sooner, the eligible manufacturer shall submit a report to the department of development that does all of the following:

(a) Describes implementation of the eligible project;

(b) Demonstrates the total cost of the eligible project, including the costs for which private funds were used;

(c) Provides a full accounting of the expenditures for which grant funds were used.

(4) Along with the report required by division (D)(3) of this section, the eligible manufacturer shall return any grant funds that have not yet been expended, were used for ineligible expenses, or that were not matched by private contributions to

the eligible project.

(5) The director shall certify to the attorney general for collection any grant amounts required to be returned under division (D)(4) of this section that remain unpaid ninety days after the report required by division (D)(3) of this section is due.

(E) The director of development shall adopt rules in accordance with Chapter 119. of the Revised Code prescribing all of the following:

(1) An application process for the grant program, including the designation of one or more periods each year during which applications will be accepted;

(2) The competitive process to review and score applications described under division (B)(3) of this section;

(3) The form of the final report required by division (D)(3) of this section.

(F) The manufacturing technologies assistance fund is created in the state treasury. The fund shall consist of money appropriated to the fund by the general assembly and application fees collected under this section. Money in the fund shall be used by the director of development to award grants under the manufacturing technologies assistance program and to administer this section. Interest earned on money in the fund shall be credited to the fund.

Section 2. All items in this act are hereby appropriated as designated out of any moneys in the state treasury to the credit of the designated fund. For all operating appropriations made in this act, those in the first column are for fiscal year 2024 and those in the second column are for fiscal year 2025.

The operating appropriations made in this act are in addition to any other operating appropriations made for these fiscal years.

Section 3.

	1	2	3	4	5
A			DEV DEPARTMENT OF DEVELOPMENT		
B	Dedicated Purpose Fund Group				
C	5BF1	1956H5	Manufacturing Tech Assistance	$0	$12,000,000
D	TOTAL Dedicated Purpose Fund Group			$0	$12,000,000
E	TOTAL All Budget Fund Groups			$0	$12,000,000

MANUFACTURING TECH ASSISTANCE

The foregoing appropriation item 1956H5, Manufacturing Tech Assistance, shall be used to administer the Manufacturing Technologies Assistance Program established under section 122.162 of the Revised Code.

Section 4. Within the limits set forth in this act, the Director of Budget and Management shall establish accounts indicating the source and amount of funds for each appropriation made in this act, and shall determine the manner in which appropriation accounts shall be maintained. Expenditures from operating appropriations contained in this act shall be accounted for as though made in, and are subject to all applicable provisions of, H.B. 33 of the 135th General Assembly.