Ohio Legislative Service Commission

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Office of Research and Drafting

Legislative Budget Office

H.B. 435
135th General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 435's Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Santucci and Demetriou

Local Impact Statement Procedure Required: No

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Highlights

- The bill creates the Manufacturing Technologies Assistance Program within the Department of Development (DEV) and appropriates $12.0 million in FY 2025 under the new Manufacturing Technologies Assistance Fund (Fund 5BF1) to provide grants of up to $150,000 each to eligible small and mid-sized manufacturing entities.
- The costs that DEV incurs for starting up and overseeing the program will be offset by a nonrefundable application fee of up to $100 that must accompany each grant application.
- DEV is required to forward notice to the Attorney General (AGO) of any unused funds, or grant funds used for ineligible expenses, that were not returned to DEV within 90 days of project completion.

Detailed Analysis

The bill creates the Manufacturing Technologies Assistance Program within the Department of Development (DEV) to provide grants to eligible manufacturers that increase the productivity, efficiency, and competitiveness of a manufacturing operation in Ohio. Before applying for a grant, an eligible manufacturer must obtain an assessment of the proposed project from the Ohio Manufacturing Extension Partnership (MEP). This is a state-federal program run by DEV that oversees a statewide network of regional organizations that help small and medium-sized manufacturers pursue business success through technological innovation, workforce training, and improved management practices. There are six such regional organizations across Ohio. The Director of Development must review and score applications using a competitive process (see the LSC bill analysis for eligibility and scoring criteria).

Program funding

The bill establishes the Manufacturing Technologies Assistance Fund (Fund 5BF1) to award grants under the program and appropriates $12.0 million in FY 2025 for this purpose. Fund 5BF1 consists of revenues from the application fee of up to $100 that manufacturers submit with their grant applications, as well as funds transferred or appropriated by the General Assembly to initially capitalize the fund.

The bill allocates the grant funding available according to the size of business seeking support. Specifically, one-half of the funding is reserved for projects submitted by small manufacturers with 50 or fewer full-time employees. One-half of available funds is reserved for medium-sized manufacturers with 51 to 500 full-time employees. The Director, with the approval of the Controlling Board, can reallocate funds to eligible projects from the other class of eligible manufacturers if all requests from one class of funding are met and funds are available. A grant amount cannot exceed $150,000.

Program administration

DEV will incur both initial and ongoing administration costs related to implementing the Manufacturing Technologies Assistance Grant Program. DEV will incur costs for initially promulgating rules related to grant scoring criteria. There will also be ongoing costs related to receiving applications, scoring projects, and awarding grants. The ongoing administrative costs will ultimately depend on how many grant applications are received.

DEV will also incur costs related to the recordkeeping provisions of the bill. 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 must be maintained for at least five years and made available for inspection by DEV. Upon the completion of an eligible project or two years after the Director awarded a grant, the eligible manufacturer must submit a report. At that point, DEV must examine these reports to ensure all expenses were eligible under the grant award criteria. Any unused funds, funds used for ineligible expenses, and funds not matched by private contributions must be returned. Any funds required to be returned and left unpaid 90 days after the report is submitted must be reported to the Attorney General.

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