



HOUSE BILL 1201: Local Meat Processors Grants/Marketing Funds.

2019-2020 General Assembly

Committee:	House Agriculture. If favorable, re-refer to Appropriations. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	June 16, 2020
Introduced by:	Reps. Elmore, Howard	Prepared by:	Kyle Evans
Analysis of:	PCS to First Edition H1201-CSMHa-7		Committee Counsel

OVERVIEW: *The Proposed Committee Substitute (PCS) for House Bill 1201 would establish a local meat processors grant program within the Department of Agriculture and Consumer Services to provide funding for expanded capacity, workforce education, and planning relating to independent meat processing facilities, and provide funding for technology-based marketing to respond to COVID-19 related changes in consumer food purchasing.*

BACKGROUND AND BILL ANALYSIS:

S.L. 2020-4 established the Coronavirus Relief Reserve in the General Fund to maintain federal funds received from the Coronavirus Relief Fund created under the federal CARES Act, P.L. 116-136, to mitigate the impact of the COVID-19 outbreak in North Carolina. S.L. 2020-4 also established the Coronavirus Relief Fund to provide necessary and appropriate relief and assistance from the effects of COVID-19.

Section 1 of the PCS finds that the COVID-19 emergency has resulted in substantial impacts on the food supply chain, particularly for small livestock producers and independent meat processors. The section further finds that COVID-19 has substantially changed the way consumers interact with and purchase from suppliers of their food needs.

Section 2 appropriates \$17,700,000 in nonrecurring funds from the Coronavirus Relief Reserve, through the Coronavirus Relief Fund, to the Department of Agriculture and Consumer Services (DACs). These funds will remain available to expend until December 30, 2020.

Section 3 describes how the funds allocated in Section 2 shall be distributed. Of the funds appropriated in the previous section, \$15,000,000 would be used to provide grants as specified in Section 4 of this PCS, and \$2,700,000 would be used for technology-based marketing initiatives that support to agriculture industry, expand opportunities, and help farmers and food businesses reach buyers domestically and internationally.

Section 4 directs DACs to develop policies and procedures for the disbursement of grants that include, at a minimum, the following:

- Capacity Enhancement Grants, which may be used for expansion of an existing eligible facility and for fixtures or equipment at an existing eligible facility that will expand animal throughput, processing capacity, the amount or type of products produced, or processing speed.
- Workforce Development Grants, which may be used for educational and workforce training provided either by the eligible meat processing facility or by an institution of higher education.

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- Planning Grants, which are available to a nonprofit entity or institution of higher education to complete feasibility or siting studies for a new eligible meat processing facility.

Both capacity enhancement grants and workforce development grants are available to eligible meat processing facilities that are experiencing slowdowns in production or limited capacity to accommodate increased demand for meat processing due to the COVID-19 pandemic.

An "eligible meat processing facility," for the purposes of this PCS, is a meat processing facility that meets both of the following requirements:

- The plant contracts with independent livestock producers to process animals owned by the producers.
- The United States Department of Agriculture contracts with Department inspectors to conduct federal inspection activities authorized by the Talmadge-Aiken Act of 1962 (7 U.S.C. § 1633) at the plant, or the plant is a State-inspected facility.

This section allows DACS to prioritize projects that will create additional jobs and requires that grant recipients provide matching funds at a rate of \$1 from non-grant sources for every \$2 provided by the grant.

Section 5 requires DACS to report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division by October 1, 2020, on its distribution of the funds and by February 1, 2021, on the use of funds by recipients and the types and impacts of technology-based advertising funded by this PCS.

Section 6 provides that if any fixtures or equipment purchased with grant funds are disposed of, taken out of service, or moved out of State during a DACS-established period, the grantee must repay a proportionate share of the grant funding back to the Coronavirus Relief Reserve.

Section 7 provides that if an allocation made under this act is disallowed by federal law, then DACS must transfer the disallowed allocation back to the Coronavirus Relief Reserve.

EFFECTIVE DATE: This act would become effective when law.