



# HOUSE BILL 182: Increasing Meat Production and Capacity.

2021-2022 General Assembly

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<b>Committee:</b>	House Agriculture. If favorable, re-refer to Marine Resources and Aqua Culture. If favorable, re-refer to Appropriations. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	April 21, 2021
<b>Introduced by:</b>	Reps. McNeely, Gillespie, Hanig, Elmore	<b>Prepared by:</b>	Chris Saunders
<b>Analysis of:</b>	PCS to First Edition H182-CSTQa-6		Committee Co-Counsel

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**OVERVIEW:** *The Proposed Committee Substitute (PCS) to House Bill 182 would expand and make permanent the "Increasing Meat and Seafood Production and Capacity" (IMSPAC) Grant Program in the Department of Agriculture and Consumer Services (DACS), which was established in 2020 for COVID-19 relief. The program is intended to provide funding for expanded capacity, workforce education, feasibility or siting studies, and matching funds for development of certain new facilities relating to independent meat and seafood processing facilities.*

*The PCS would express the General Assembly's intent to appropriate \$10,000,000 in nonrecurring funds for the 2020-2021 fiscal year from the Coronavirus Relief Fund to DACS to be used for the IMSPAC program, and exempt the appropriations in the bill from the requirements of G.S. 143C-5-2, which generally requires that each house of the General Assembly first pass its version of the Current Operations Appropriations Act before placing any other appropriations bill on the calendar.*

**CURRENT LAW:** S.L. 2020-4 (2020 COVID-19 Recovery Act), as amended by S.L. 2020-80 (Coronavirus Relief Fund/Additions & Revisions) appropriated \$10,000,000 from the Coronavirus Relief Fund to DACS to provide grants to reduce or prevent impacts on the supply chain for fresh meat in the State caused by COVID-19 and to improve the resiliency of the fresh meat supply chain to future pandemics. The program allows the Department to award grants, subject to certain conditions, for capacity enhancement, workforce development, and feasibility or siting studies relating to eligible meat processing facilities. An eligible facility is a meat processing facility that (i) contracts with independent livestock producers to process animals owned by the producers and (ii) is inspected by DACS inspectors who contract with the United States Department of Agriculture (USDA) under the Talmadge-Aiken Act, or is a State-inspected facility. An eligible facility also includes a catfish aquaculture operation that raises and processes catfish.

## BILL ANALYSIS:

**Section 1** of the PCS would make findings that financial assistance is needed for small and independent meat processors and seafood processors, and establishes the program as the "Increasing Meat and Seafood Production and Capacity (IMSPAC)" grant program.

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This section would authorize the Department to provide the following grants:

- 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. These grants would be limited to \$500,000 per grant.
- Workforce Development Grants, which may be used for educational and workforce training provided either by the eligible facility or by an institution of higher education. These grants would be limited to \$100,000 per grant.
- 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. No more than 5% of funds available in any grant cycle could be used for these grants.
- New Facility Development Grants, which may be used to provide matching funds to persons seeking to develop a new meat or seafood processing facility. These funds may be used for construction of a new building, for upfit and renovation of an existing building, and for fixtures or equipment. An applicant would have to demonstrate that the new facility would provide additional needed capacity by either serving a currently underserved area or producing a meat or seafood product not currently produced in the State. These grants would be limited to \$1,000,000 per grant.

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

- The plant contracts with independent livestock producers or seafood harvesters to process animals or seafood.
- USDA contracts with DACS inspectors to conduct federal inspection activities authorized by the Talmadge-Aiken Act of 1962 at the plant, the plant is otherwise regulated by the USDA or FDA, or the plant is a State-inspected facility.

DACS would be authorized to prioritize projects that will create additional jobs. Grant recipients would be required to provide matching funds at a rate of \$1 from non-grant sources for every \$2 provided by the grant, except that recipients of a new facility development grant must provide matching funds at a rate of \$1 from non-grant sources for every \$1 provided by the grant.

A new facility funded with a new facility development grant must be kept in service for at least five years, or DACS would be directed to recapture at least the amount of the grant directly proportionate to the remainder of the five-year term that the grantee failed to keep the facility in service. If fixtures or equipment purchased with grant funds are disposed of during a period of time specified by DACS following the date the fixtures or equipment are placed in service, the grantee would be required to repay a proportionate share of the grant funding received as DACS may specify.

DACS would be allowed to adopt temporary and permanent rules to implement the IMSPAC program.

**Section 2.(a)** of the PCS would express the General Assembly's intent to appropriate \$10,000,000 in nonrecurring funds for the 2020-2021 fiscal year from the Coronavirus Relief Fund to DACS to be used for the IMSPAC program.

**Section 2.(b)** would appropriate \$40,000,000 in nonrecurring funds from the General Fund for the 2021-2022 fiscal year for the IMSPAC grant program.

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**Section 2.(c)** would provide that no more than 35% of funds appropriated to the IMSPAC grant program may be used for grants to new or existing seafood processors and that no more than 50% of funds may be used for new facility development grants.

**Section 2.(d)** would notwithstanding the prohibition on appropriations bills being heard on second reading before ratification of the Budget.

**EFFECTIVE DATE:** Section 2(b) of this act would become effective July 1, 2021. The remainder of this act would be effective when it becomes law.