

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 1201
PROPOSED COMMITTEE SUBSTITUTE H1201-CSMHa-13 [v.2]
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Short Title: Local Meat Processors Grant Program.

(Public)

Sponsors:

Referred to:

May 27, 2020

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE FUNDING FOR GRANTS TO SMALL AND INDEPENDENT MEAT
3 PROCESSORS TO ALLEVIATE NEGATIVE FOOD SUPPLY CHAIN IMPACTS DUE
4 TO THE COVID-19 PANDEMIC; AND TO MAKE TECHNICAL AND CLARIFYING
5 CHANGES TO THE NORTH CAROLINA FARM ACT OF 2019-20.

6 The General Assembly of North Carolina enacts:

7 **LOCAL MEAT PROCESSORS GRANT PROGRAM**

8 **SECTION 1.** Findings. – The General Assembly finds that the COVID-19
9 emergency has resulted in serious and substantial impacts on the food supply chain. In particular,
10 small livestock producers in the State have found that bottlenecks and lack of capacity among
11 the small and independent meat processors who serve small livestock producers due to
12 COVID-19 related slowdowns and capacity reductions have had a substantial negative impact on
13 their ability to have their animals slaughtered and processed. The General Assembly further finds
14 that financial assistance to these processors is necessary in order to reduce disruptions in the
15 supply chain for fresh meat and to help small producers get their product to market.

16 **SECTION 2.(a)** Transfer of Funds from Reserves to Relief Fund. – The State
17 Controller shall transfer the sum of twenty-five million dollars (\$25,000,000) for the 2019-2020
18 fiscal year from the Coronavirus Relief Reserve established in Section 2.1 of S.L. 2020-4 to the
19 Coronavirus Relief Fund established in Section 2.2 of S.L. 2020-4.

20 **SECTION 2.(b)** Appropriation of Funds from Relief Fund. – There is appropriated
21 from the Fund to the Department of Agriculture and Consumer Services the sum of twenty-five
22 million dollars (\$25,000,000) in nonrecurring funds for the 2019-2020 fiscal year to be allocated
23 and used as provided in Section 3 of this act. The funds appropriated in this section shall not
24 revert at the end of the 2019-2020 fiscal year but shall remain available to expend until December
25 30, 2020.

26 **SECTION 3.** Allocation of Funds. – The funds appropriated by Section 2 of this act
27 shall be allocated to the North Carolina Department of Agriculture and Consumer Services
28 (Department) to provide grants to certain meat processing facilities as specified in this section
29 that are experiencing slowdowns in production or have limited capacity to accommodate
30 increased demand for meat processing due to the COVID-19 pandemic. These funds may only
31 be used for purposes consistent with the April 22, 2020, "Coronavirus Relief Fund Guidance for
32 State, Territorial, Local, and Tribal Governments" provided by the United States Department of
33 the Treasury or with any subsequent act of Congress. The Department shall develop policies and
34 procedures for the disbursement of grants that includes, at a minimum, the following:

- 35 (1) Grant eligibility shall be limited to meat processing plants that meet both of
36 the following requirements:



- a. The plant contracts with independent livestock producers to process animals owned by the producers.
 - b. 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.
- (2) Grants shall be used only for facility expansion, fixtures, on-site job training, or equipment that will expand animal throughput, processing capacity, the amount or type of products produced, or processing speed.
 - (3) The Department may prioritize projects that will create additional jobs at the facility.
 - (4) The Department may set grant maximums and appropriate and uniform matching requirements to maximize the number of facilities receiving assistance and the removal of meat supply chain limitations.

SECTION 4. Report. – The Department shall submit an interim 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 appropriated by this act, including the status of approved grant applications and of any applicable permits or other approvals required of grantees by State agencies or units of local government. The Department shall submit a final report to the same recipients by February 1, 2021, on the use of funds by grantees.

SECTION 5. Grant-Supported Property Transferred or Removed from Service. – As used in this section, the term "disposed of" means disposed of, taken out of service, or moved out of State. If fixtures or equipment purchased with funds provided by this act is disposed of during a period of time as the Department may specify following the date the fixtures or equipment funded by this act is placed in service, the grant recipient shall repay to the Department a proportionate share of the grant funding received as the Department may specify.

Funds received by the Department under this section shall be transferred to the Office of State Budget and Management (OSBM) and OSBM shall transfer the amount of the disallowed allocation to the Reserve established in Section 2.1 of S.L. 2020-4. Amounts transferred into the Coronavirus Relief Reserve pursuant to this section are receipts that do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 6. Conflict with Federal Law. – If an allocation made under this act is found to be disallowed by federal law, then Section 2 of this act is repealed, and the Department shall transfer the disallowed allocation to the Office of State Budget and Management (OSBM) and OSBM shall transfer the amount of the disallowed allocation to the Reserve established in Section 2.1 of S.L. 2020-4. Amounts transferred into the Coronavirus Relief Reserve pursuant to this section are receipts that do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

2019-20 FARM ACT TECHNICAL AND CLARIFYING CHANGES

SECTION 7.(a). G.S. 106-1066(4) reads as rewritten:

"(4) "North Carolina Sweetpotato Quality and Branding Advisory Council" means the advisory council established pursuant to G.S. 106-1070."

SECTION 7.(b) G.S. 106-1069 reads as rewritten:

"§ 106-1069. Standards for grades.

The most recent standards for grades adopted by the United States Department of Agriculture, Agricultural Marketing Service, United States Standards for Grades of Sweet Potatoes are adopted by reference and shall be the standards for grades in this State, except that the Commissioner may establish tolerances or allowable percentages of United States standards each

1 season upon the recommendation of the North Carolina Sweetpotato Quality and Branding
2 Advisory Council."

3 **SECTION 7.(c)** G.S. 106-1070 reads as rewritten:

4 "**§ 106-1070. North Carolina Sweetpotato Quality and Branding Advisory Council.**

5 ~~The Commissioner shall appoint a North Carolina Sweetpotato Advisory Council,~~ There is
6 established within the Department of Agriculture and Consumer Services the North Carolina
7 Sweetpotato Quality and Branding Advisory Council. The Commissioner of Agriculture shall
8 serve as chair, and the members of the Advisory Council shall be appointed by the North Carolina
9 SweetPotato Commission, to consist of individuals involved in growing, packing, or growing
10 and packing North Carolina sweetpotatoes; at least one sweetpotato processor; at least one
11 sweetpotato retailer; at least one county cooperative extension agent familiar with the production
12 of North Carolina sweetpotatoes; the Executive Director of the North Carolina SweetPotato
13 Commission, and any other person or persons selected by the Commissioner, North Carolina
14 SweetPotato Commission, for the purpose of rendering advice upon his or her the Commissioner's
15 request regarding the exercise of the Commissioner's authority pursuant to G.S. 106-1068.
16 Members shall also provide advice and recommendations to the Commissioner on plant pest
17 regulatory issues affecting sweetpotatoes, over which the Commissioner has regulatory
18 jurisdiction. The North Carolina Sweetpotato Quality and Branding Advisory Council shall meet
19 at least quarterly or as needed upon the request of the Commissioner. Members of the North
20 Carolina Sweetpotato Quality and Branding Advisory Council shall receive no compensation for
21 their service."

22 **SECTION 8.** This act is effective when it becomes law.