

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 1201
Committee Substitute Favorable 6/16/20
Committee Substitute #2 Favorable 6/17/20
PROPOSED COMMITTEE SUBSTITUTE H1201-PCS40682-TQa-46

Short Title: Local Meat Processors Grants/Marketing Funds.

(Public)

Sponsors:

Referred to:

May 27, 2020

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FUNDING FOR GRANTS TO SMALL AND INDEPENDENT MEAT PROCESSORS TO ALLEVIATE NEGATIVE FOOD SUPPLY CHAIN IMPACTS DUE TO THE COVID-19 PANDEMIC AND FOR TECHNOLOGY-BASED MARKETING TO RESPOND TO COVID-19 RELATED CHANGES IN CONSUMER PURCHASES OF FOOD AND TO MAKE TECHNICAL AND CLARIFYING CHANGES TO THE NORTH CAROLINA FARM ACT OF 2019-2020.

The General Assembly of North Carolina enacts:

SECTION 1. Findings. – The General Assembly finds that the COVID-19 emergency has resulted in serious and substantial impacts on the food supply chain. In particular, small livestock producers in the State have found that bottlenecks and lack of capacity among the small and independent meat processors who serve small livestock producers due to COVID-19 related slowdowns and capacity reductions have had a substantial negative impact on their ability to have their animals slaughtered and processed. The General Assembly further finds that financial assistance to these processors for physical expansion and facility improvements, for workforce development, and for the creation of additional processing capacity is necessary to reduce disruptions in the supply chain for fresh meat and to help small producers get their product to market. The General Assembly further finds that the COVID-19 emergency has substantially changed the way consumers, by necessity, interact with and purchase from suppliers of their food needs. Consumers now overwhelmingly rely on technology-based transactions through the online marketplace, and the ability to engage in these types of transactions is now vital for agricultural producers in order to provide their products to consumers.

SECTION 2.(a) Transfer of Funds from Reserves to Relief Fund. – The State Controller shall transfer the sum of seventeen million seven hundred thousand dollars (\$17,700,000) for the 2019-2020 fiscal year from the Coronavirus Relief Reserve established in Section 2.1 of S.L. 2020-4 to the Coronavirus Relief Fund established in Section 2.2 of S.L. 2020-4.

SECTION 2.(b) Appropriation of Funds from Relief Fund. – There is appropriated from the Fund to the Department of Agriculture and Consumer Services the sum of seventeen million seven hundred thousand dollars (\$17,700,000) in nonrecurring funds for the 2019-2020 fiscal year to be allocated and used as provided in Section 3 of this act. These funds may only be used for purposes consistent with the April 22, 2020, "Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments" provided by the United States Department of the Treasury or with any subsequent act of Congress, and must be expended by December 30,



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2020. The funds appropriated in this section shall not revert at the end of the 2019-2020 fiscal year but shall remain available to expend until December 30, 2020.

SECTION 3. Allocation of Funds. – The funds appropriated by Section 2 of this act shall be allocated to the Department of Agriculture and Consumer Services for the following purposes:

- (1) \$15,000,000 to provide grants as specified in Section 4 of this act to reduce or prevent impacts on the supply chain for fresh meat in the State caused by COVID-19, or to improve the resiliency of the fresh meat supply chain to future pandemics.
- (2) \$2,700,000 for technology-based marketing initiatives that support the agriculture industry, expand opportunities, and help farmers and food businesses reach buyers domestically and internationally.

SECTION 4. Grant Types and Criteria. – The Department shall develop policies and procedures for the disbursement of the grants authorized by this act that include, at a minimum, the following:

- (1) The Department may provide three categories of grants:
 - a. Capacity enhancement grant. – This grant is available to an eligible meat processing facility that is experiencing slowdowns in production or has limited capacity to accommodate increased demand for meat processing due to the COVID-19 pandemic. A capacity enhancement grant 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.
 - b. Workforce development grant. – This grant is available to an eligible meat processing facility that is experiencing slowdowns in production or has limited capacity to accommodate increased demand for meat processing due to workforce limitations or reductions due to the COVID-19 pandemic. A workforce development grant may be used for educational and workforce training provided either by the facility or by an institution of higher education.
 - c. Planning grant. – This grant is available to a nonprofit entity or institution of higher education to complete feasibility or siting studies for a new eligible meat processing facility.
- (2) Eligible facility. – For purposes of this act, an eligible meat processing facility is a meat processing facility that either:
 - a. Meets both of the following requirements:
 1. The plant contracts with independent livestock producers to process animals owned by the producers.
 2. 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; or
 - b. Is a catfish aquaculture operation that raises and processes catfish.
- (3) The Department may prioritize projects that will create additional jobs.
- (4) Recipients shall provide matching funds for the grant in the amount of one dollar (\$1.00) from nongrant sources for every two dollars (\$2.00) provided by the grant.

SECTION 5. 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

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

5 **SECTION 6.** Grant-Supported Property Transferred or Removed from Service. – As
6 used in this section, the term "disposed of" means disposed of, taken out of service, or moved out
7 of State. If fixtures or equipment purchased with grant funds provided by this act are disposed of
8 during a period of time as the Department may specify following the date the fixtures or
9 equipment funded by this act is placed in service, the grant recipient shall repay to the Department
10 a proportionate share of the grant funding received as the Department may specify.

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

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

24 25 **2019-2020 FARM ACT TECHNICAL AND CLARIFYING CHANGES**

26 **SECTION 8.(a)** G.S. 106-1066(4) reads as rewritten:

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

29 **SECTION 8.(b)** G.S. 106-1069 reads as rewritten:

30 **"§ 106-1069. Standards for grades.**

31 The most recent standards for grades adopted by the United States Department of Agriculture,
32 Agricultural Marketing Service, United States Standards for Grades of Sweet Potatoes are
33 adopted by reference and shall be the standards for grades in this State, except that the
34 Commissioner may establish tolerances or allowable percentages of United States standards each
35 season upon the recommendation of the North Carolina Sweetpotato Quality and Branding
36 Advisory Council."

37 **SECTION 8.(c)** G.S. 106-1070 reads as rewritten:

38 **"§ 106-1070. North Carolina Sweetpotato Quality and Branding Advisory Council.**

39 ~~The Commissioner shall appoint a North Carolina Sweetpotato Advisory Council. There is~~
40 ~~established within the Department of Agriculture and Consumer Services the North Carolina~~
41 ~~Sweetpotato Quality and Branding Advisory Council. The Commissioner of Agriculture shall~~
42 ~~serve as chair, and the members of the Advisory Council shall be appointed by the North Carolina~~
43 ~~SweetPotato Commission, to consist of individuals involved in growing, packing, or growing~~
44 ~~and packing North Carolina sweetpotatoes; at least one sweetpotato processor; at least one~~
45 ~~sweetpotato retailer; at least one county cooperative extension agent familiar with the production~~
46 ~~of North Carolina sweetpotatoes; the Executive Director of the North Carolina SweetPotato~~
47 ~~Commission, and any other person or persons selected by the Commissioner, North Carolina~~
48 ~~SweetPotato Commission, for the purpose of rendering advice upon his or her the~~
49 ~~Commissioner's request regarding the exercise of the Commissioner's authority pursuant to~~
50 ~~G.S. 106-1068. Members shall also provide advice and recommendations to the Commissioner~~
51 ~~on plant pest regulatory issues affecting sweetpotatoes, over which the Commissioner has~~

1 regulatory jurisdiction. The North Carolina Sweetpotato Quality and Branding Advisory Council
2 shall meet at least quarterly or as needed upon the request of the Commissioner. Members of the
3 North Carolina Sweetpotato Quality and Branding Advisory Council shall receive no
4 compensation for their service."

5 **SECTION 9.** This act is effective when it becomes law.