

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

H.B. 865
Apr 25, 2023
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40434-MHa-122

Short Title: Extend Meat Processing Grant Program.

(Public)

Sponsors: Representative Crutchfield.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO RENEW AND PROVIDE ADDITIONAL FUNDS FOR THE DEPARTMENT
3 OF AGRICULTURE AND CONSUMER SERVICES' INCREASING MEAT
4 PRODUCTION, EFFICIENCY, AND CAPACITY GRANT PROGRAM.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Findings. – The General Assembly finds that the COVID-19 pandemic
7 of 2020-2021 resulted in serious and substantial impacts on the food supply chain and revealed
8 bottlenecks and lack of capacity among the small and independent meat processors and producers
9 of further processed meat products who serve small livestock producers. These bottlenecks and
10 lack of capacity have a substantial negative impact on the ability of these small livestock
11 producers to have their livestock slaughtered and processed. In addition, seafood processors lack
12 capacity to meet increased and altered consumer demand for seafood products due to supply
13 chain disruptions and other long-term changes in the market for seafood and seafood products.
14 The General Assembly further finds that continued financial assistance to these processors for
15 expansion, facility improvements, and workforce development is necessary to reduce disruptions
16 in the supply chain for fresh meat and seafood and to help small producers get their products to
17 market.

18 **SECTION 2.** Use of Funds and Limitation. – The sum of twenty-five million dollars
19 (\$25,000,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium is
20 appropriated from the General Fund to the Department of Agriculture and Consumer Services
21 for grants to meat and seafood processors as specified in this section to reduce or prevent impacts
22 on the supply chain for fresh meat in the State and to improve the resiliency of the fresh meat
23 and seafood supply chain to future disruptions. The following limitations and reservations apply:

- 24 (1) No more than two million dollars (\$2,000,000) of the funds allocated in this
25 section may be used to supplement grants previously awarded to reflect
26 construction cost inflation.
27 (2) No more than three percent (3%) of the total funds allocated in this section
28 may be used for technical and administrative support.

29 **SECTION 3.** Grant Types and Criteria. – The Department shall develop policies and
30 procedures for the disbursement of the grants authorized by this section that include, at a
31 minimum, the following:

- 32 (1) The Department may provide three categories of grants:
33 a. Capacity enhancement grant. – This grant is available to an eligible
34 meat or seafood processing facility that is experiencing slowdowns in
35 production or has limited capacity to accommodate increased demand
36 for meat or seafood processing. A capacity enhancement grant may be



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- 1 used for expansion of an existing eligible facility and for fixtures or
2 equipment at an existing eligible facility that will expand animal
3 throughput, processing capacity, the amount or type of products
4 produced, or processing speed.
- 5 b. Workforce development grant. – This grant is available to an eligible
6 meat or seafood processing facility that is experiencing slowdowns in
7 production or has limited capacity to accommodate increased demand
8 for meat or seafood processing due to workforce limitations or
9 reductions due to a pandemic or other natural disaster. A workforce
10 development grant may be used for educational and workforce training
11 provided either by the facility or by an accredited institution of higher
12 education.
- 13 c. Planning grant. – This grant is available to a nonprofit entity or
14 institution of higher education to complete feasibility or siting studies
15 for a new eligible meat processing facility.
- 16 (2) Eligible facility. – For purposes of this section, an eligible meat or seafood
17 processing facility includes the following:
- 18 a. A food processing facility that meets both of the following
19 requirements:
- 20 1. The plant contracts with independent livestock producers or
21 seafood harvesters to process animals or seafood.
- 22 2. The United States Department of Agriculture (USDA)
23 contracts with Department inspectors to conduct federal
24 inspection activities authorized by the Talmadge-Aiken Act of
25 1962 (7 U.S.C. § 1633) at the plant, the plant is otherwise
26 regulated by the USDA or the United States Food and Drug
27 Administration, or the plant is a State-inspected facility.
- 28 b. A facility producing further processed meat products for which the
29 USDA contracts with Department inspectors to conduct federal
30 inspection activities authorized by the Talmadge-Aiken Act of 1962
31 (7 U.S.C. § 1633) at the plant, or which is a State-inspected facility, or
32 which is a USDA-inspected processor of shelf-stable meat or meat
33 products.
- 34 (3) Prioritization. – The Department may prioritize projects that will create
35 additional jobs.
- 36 (4) Cost-sharing. – Recipients shall provide matching funds for a grant under this
37 section in the amount of one dollar (\$1.00) from nongrant sources for every
38 two dollars (\$2.00) provided by the grant.
- 39 (5) Clawback. – If fixtures or equipment purchased with grant funds provided
40 under this Article are disposed of during a period of time as the Department
41 shall specify following the date the fixtures or equipment funded by this act
42 are placed in service, the grant recipient shall repay to the Department a
43 proportionate share of the grant funding received as the Department shall
44 specify. As used in this subdivision, the term "disposed of" means disposed
45 of, taken out of service, or moved out of State.
- 46 **SECTION 4.** This act becomes effective July 1, 2023.