

GENERAL ASSEMBLY OF NORTH CAROLINA
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HOUSE BILL DRH10072-MHa-30

Short Title: Increasing Meat Production and Capacity. (Public)

Sponsors: Representatives McNeely, Gillespie, Hanig, and Elmore (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO STRENGTHEN THE MEAT AND SEAFOOD PROCESSING INDUSTRIES IN
3 NORTH CAROLINA BY MAKING PERMANENT THE "INCREASING SEAFOOD
4 AND MEAT PRODUCTION AND CAPACITY" GRANT PROGRAM.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. Chapter 106 of the General Statutes is amended by adding a new
7 Article to read:

8 "Article 49I.

9 "Increasing Meat Production and Capacity Grant Program.

10 "**§ 106-549.100. Findings; program established.**

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

22 (b) Program. – There is established the Increasing Meat and Seafood Production and
23 Capacity (IMSPAC) grant program to provide grants as specified in this Article to reduce or
24 prevent impacts on the supply chain for fresh meat in the State and to improve the resiliency of
25 the fresh meat and seafood supply chain to future disruptions.

26 "**§ 106-549.101. Grant types and criteria.**

27 The Department shall develop policies and procedures for the disbursement of IMSPAC
28 grants authorized by this section that include, at a minimum, the following:

29 (1) The Department may provide four categories of grants:

30 a. Capacity enhancement grant. – This grant is available to an eligible
31 meat or seafood processing facility that is experiencing slowdowns in
32 production or has limited capacity to accommodate increased demand
33 for meat or seafood processing. A capacity enhancement grant may be
34 used for expansion of an existing eligible facility and for fixtures or
35 equipment at an existing eligible facility that will expand animal
36 throughput, processing capacity, the amount or type of products



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- 1 produced, or processing speed. A grant under this sub-subdivision may
2 not exceed five hundred thousand dollars (\$500,000).
- 3 b. Workforce development grant. – This grant is available to an eligible
4 meat or seafood processing facility that is experiencing slowdowns in
5 production or has limited capacity to accommodate increased demand
6 for meat or seafood processing due to workforce limitations or
7 reductions due to a pandemic or other natural disaster. A workforce
8 development grant may be used for educational and workforce training
9 provided either by the facility or by an institution of higher education.
10 A grant under this sub-subdivision may not exceed one hundred
11 thousand dollars (\$100,000).
- 12 c. Planning grant. – This grant is available to a nonprofit entity or
13 institution of higher education to complete feasibility or siting studies
14 for a new eligible meat processing facility. No more than five percent
15 (5%) of funds available in any grant cycle may be used for grants under
16 this sub-subdivision.
- 17 d. New facility development grant. – This grant is available to provide
18 matching funds to persons or entities seeking to develop a new meat
19 or seafood processing facility. A new facility development grant may
20 be used for construction of a new building, for upfit and renovation of
21 an existing building, and for fixtures or equipment. To receive a grant
22 under this sub-subdivision, the grantee must demonstrate that the new
23 meat or seafood processing facility will provide additional needed
24 capacity by either (i) serving a currently underserved area or (ii)
25 producing a meat or seafood product not currently produced in the
26 State. A grant under this sub-subdivision may not exceed one million
27 dollars (\$1,000,000).
- 28 (2) Eligible facility. – For purposes of this section, an eligible meat or seafood
29 processing facility is a food processing facility that meets both of the
30 following requirements:
- 31 a. The plant contracts with independent livestock producers or seafood
32 harvesters to process animals or seafood.
- 33 b. The United States Department of Agriculture (USDA) contracts with
34 Department inspectors to conduct federal inspection activities
35 authorized by the Talmadge-Aiken Act of 1962 (7 U.S.C. § 1633) at
36 the plant, the plant is otherwise regulated by the USDA or the FDA,
37 or the plant is a State-inspected facility.
- 38 (3) Prioritization. – The Department may prioritize projects that will create
39 additional jobs.
- 40 (4) Cost-sharing. – Recipients shall provide matching funds for a grant under
41 sub-subdivisions (1)a., (1)b., or (1)c. of this section in the amount of one dollar
42 (\$1.00) from nongrant sources for every two dollars (\$2.00) provided by the
43 grant. Recipients shall provide matching funds for a grant under
44 sub-subdivision (1)d. in the amount of one dollar (\$1.00) from nongrant
45 sources for every one dollar (\$1.00) provided by the grant.
- 46 (5) Clawback. – The following clawback provisions apply to grants under this
47 Article:
- 48 a. With respect to new facility development grants, the Department shall
49 require the recipient to keep the new meat or seafood processing
50 facility in service for a minimum term of five years. If the facility does
51 not remain in service for the required term, the Department shall

1 recapture, at a minimum, the amount of the grant directly
2 proportionate to the remainder of the minimum term that the recipient
3 failed to keep the facility in service.

4 b. If fixtures or equipment purchased with grant funds provided under
5 this Article are disposed of during a period of time as the Department
6 may specify following the date the fixtures or equipment funded by
7 this act is placed in service, the grant recipient shall repay to the
8 Department a proportionate share of the grant funding received as the
9 Department may specify. As used in this subdivision, the term
10 "disposed of" means disposed of, taken out of service, or moved out
11 of State.

12 (6) Rules authorized. – The Department may adopt temporary and permanent
13 rules to implement the IMSPAC grant program authorized by this Article."

14 **SECTION 2.(a)** The State Controller shall transfer the sum of ten million dollars
15 (\$10,000,000) for the 2020-2021 fiscal year from the Coronavirus Relief Reserve established in
16 Section 2.1 of S.L. 2020-4. There is appropriated from the Coronavirus Relief Fund established
17 by Section 2.2 of S.L. 2020-4 to the Office of State Budget and Management Services the sum
18 of ten million dollars (\$10,000,000) in nonrecurring funds for the 2020-2021 fiscal year, to be
19 allocated to the Department of Agriculture and Consumer Services for the purposes set forth in
20 this act that are compatible with COVID-19 Recovery Legislation, as that term is defined in S.L.
21 2020-4.

22 **SECTION 2.(b)** There is appropriated from the General Fund to the Department of
23 Agriculture and Consumer Services the sum of forty million dollars (\$40,000,000) in
24 nonrecurring funds for the 2021-2022 fiscal year for the IMSPAC grant program established by
25 this act.

26 **SECTION 2.(c)** The following restrictions apply to funds appropriated for the
27 IMSPAC grant program by this section:

- 28 (1) Not more than thirty-five percent (35%) may be used for grants to new or
29 existing seafood processors.
30 (2) Not more than fifty percent (50%) may be used for new facility development
31 grants, as that term is defined by G.S. 106-549.101, as enacted by Section 1
32 of this act.

33 **SECTION 3.** Section 2(b) of this act becomes effective July 1, 2021. The remainder
34 of this act is effective when it becomes law.