

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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HOUSE BILL 865

Short Title: Extend Meat Processing Grant Program. (Public)

Sponsors: Representative Crutchfield.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Agriculture, if favorable, Appropriations, if favorable, Rules, Calendar, and
Operations of the House

April 26, 2023

A BILL TO BE ENTITLED

AN ACT TO RENEW AND PROVIDE ADDITIONAL FUNDS FOR THE DEPARTMENT
OF AGRICULTURE AND CONSUMER SERVICES' INCREASING MEAT
PRODUCTION, EFFICIENCY, AND CAPACITY GRANT PROGRAM.

The General Assembly of North Carolina enacts:

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

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

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

SECTION 3. Grant Types and Criteria. – The Department shall develop policies and procedures for the disbursement of the grants authorized by this section 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 or seafood processing facility that is experiencing slowdowns in



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

48 **SECTION 4.** This act becomes effective July 1, 2023.