

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

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**HOUSE BILL 1201
Committee Substitute Favorable 6/16/20**

Short Title: Local Meat Processors Grants/Marketing Funds.

(Public)

Sponsors:

Referred to:

May 27, 2020

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE FUNDING FOR GRANTS TO SMALL AND INDEPENDENT MEAT
2 PROCESSORS TO ALLEVIATE NEGATIVE FOOD SUPPLY CHAIN IMPACTS DUE
3 TO THE COVID-19 PANDEMIC AND FOR TECHNOLOGY-BASED MARKETING TO
4 RESPOND TO COVID-19 RELATED CHANGES IN CONSUMER PURCHASES OF
5 FOOD.
6

7 The General Assembly of North Carolina enacts:

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 for physical expansion and facility improvements,
15 for workforce development, and for the creation of additional processing capacity is necessary
16 to reduce disruptions in the supply chain for fresh meat and to help small producers get their
17 product to market. The General Assembly further finds that the COVID-19 emergency has
18 substantially changed the way consumers, by necessity, interact with and purchase from suppliers
19 of their food needs. Consumers now overwhelmingly rely on technology-based transactions
20 through the online marketplace, and the ability to engage in these types of transactions is now
21 vital for agricultural producers in order to provide their products to consumers.

22 **SECTION 2.(a)** Transfer of Funds from Reserves to Relief Fund. – The State
23 Controller shall transfer the sum of seventeen million seven hundred thousand dollars
24 (\$17,700,000) for the 2019-2020 fiscal year from the Coronavirus Relief Reserve established in
25 Section 2.1 of S.L. 2020-4 to the Coronavirus Relief Fund established in Section 2.2 of S.L.
26 2020-4.

27 **SECTION 2.(b)** Appropriation of Funds from Relief Fund. – There is appropriated
28 from the Fund to the Department of Agriculture and Consumer Services the sum of seventeen
29 million seven hundred thousand dollars (\$17,700,000) in nonrecurring funds for the 2019-2020
30 fiscal year to be allocated and used as provided in Section 3 of this act. These funds may only be
31 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, and must be expended by December 30,
34 2020. The funds appropriated in this section shall not revert at the end of the 2019-2020 fiscal
35 year but shall remain available to expend until December 30, 2020.



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

- 4 (1) \$15,000,000 to provide grants as specified in Section 4 of this act to reduce or
5 prevent impacts on the supply chain for fresh meat in the State caused by
6 COVID-19, or to improve the resiliency of the fresh meat supply chain to
7 future pandemics.
8 (2) \$2,700,000 for technology-based marketing initiatives that support the
9 agriculture industry, expand opportunities, and help farmers and food
10 businesses reach buyers domestically and internationally.

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

- 14 (1) The Department may provide three categories of grants:
15 a. Capacity enhancement grant. – This grant is available to an eligible
16 meat processing facility that is experiencing slowdowns in production
17 or has limited capacity to accommodate increased demand for meat
18 processing due to the COVID-19 pandemic. A capacity enhancement
19 grant may be used for expansion of an existing eligible facility and for
20 fixtures or equipment at an existing eligible facility that will expand
21 animal throughput, processing capacity, the amount or type of
22 products produced, or processing speed.
23 b. Workforce development grant. – This grant is available to an eligible
24 meat processing facility that is experiencing slowdowns in production
25 or has limited capacity to accommodate increased demand for meat
26 processing due to workforce limitations or reductions due to the
27 COVID-19 pandemic. A workforce development grant may be used
28 for educational and workforce training provided either by the facility
29 or by an institution of higher education.
30 c. Planning grant. – This grant is available to a nonprofit entity or
31 institution of higher education to complete feasibility or siting studies
32 for a new eligible meat processing facility.
33 (2) Eligible facility. – For purposes of this act, an eligible meat processing facility
34 is a meat processing facility that meets both of the following requirements:
35 a. The plant contracts with independent livestock producers to process
36 animals owned by the producers.
37 b. The United States Department of Agriculture contracts with
38 Department inspectors to conduct federal inspection activities
39 authorized by the Talmadge-Aiken Act of 1962 (7 U.S.C. § 1633) at
40 the plant, or the plant is a State-inspected facility.
41 (3) The Department may prioritize projects that will create additional jobs.
42 (4) Recipients shall provide matching funds for the grant in the amount of one
43 dollar (\$1.00) from nongrant sources for every two dollars (\$2.00) provided
44 by the grant.

45 **SECTION 5.** Report. – The Department shall report to the Joint Legislative
46 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
47 Research Division by October 1, 2020, on its distribution of the funds appropriated by this act
48 and by February 1, 2021, on the use of grant funds by grant recipients, and the types and impacts
49 of technology-based advertising funded by this act.

50 **SECTION 6.** Grant-Supported Property Transferred or Removed from Service. – As
51 used in this section, the term "disposed of" means disposed of, taken out of service, or moved out

1 of State. If fixtures or equipment purchased with grant funds provided by this act are disposed of
2 during a period of time as the Department may specify following the date the fixtures or
3 equipment funded by this act is placed in service, the grant recipient shall repay to the Department
4 a proportionate share of the grant funding received as the Department may specify.

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

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

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