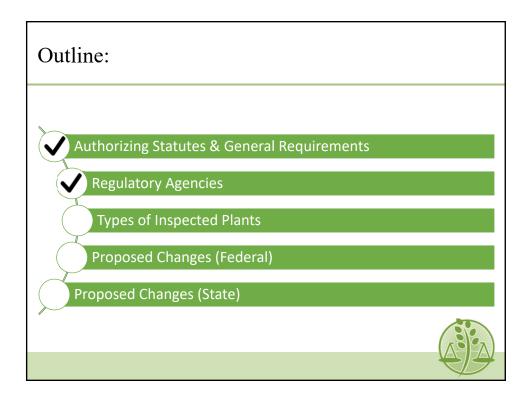


General Requirements

- Inspectors present at all times during operation.
 - Inspect every animal (livestock and poultry) both before and after slaughter for signs of disease or health problems
 - Continuously staff processing lines during operation
 - Ensure humane handling/slaughter through:
 - Compliance with the HMSA/regulations (livestock)
 - Compliance with good commercial practices (poultry)

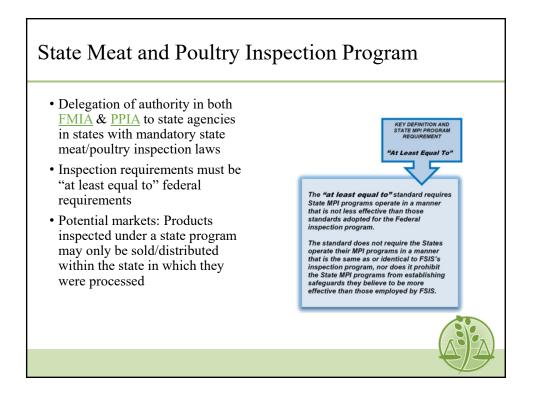
• Sanitation requirements

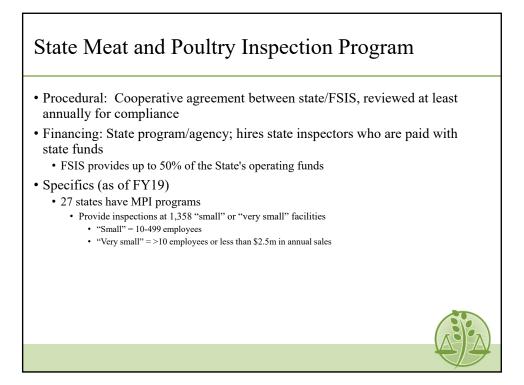
- Hazard Analysis and Critical Control Point (HACCP) plan
- Microbial sampling and testing (E. coli and salmonella)
- Recordkeeping
 - · Establish compliance with humane handling/good commercial practices
 - Provide record of HACCP/SOP and other requirements
- Enforcement
 - Surveillance/regulatory action
 - · Up to/including suspending facility operations

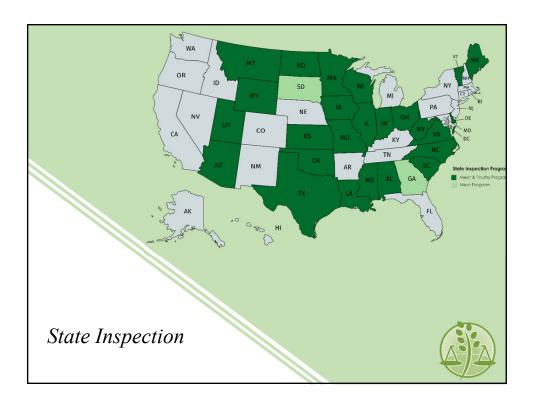


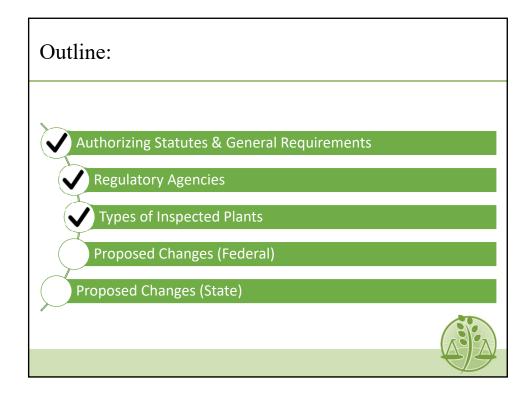
USDA-FSIS

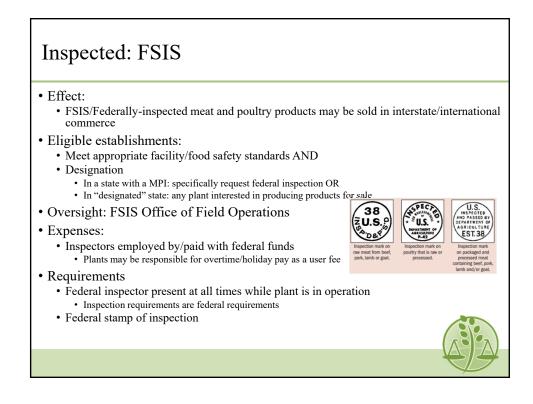
- Primary responsibility for implementation/enforcement:
 - United States Department of Agriculture/Food Safety and Inspection Service
 Office of Field Operations
- Financing:
 - · Congressional appropriations
 - · User fees for overtime/holiday inspection
 - Other than user fees, no charge to plants for inspection services!
- Specifics (FY 2021)
 - <u>6458</u> federally inspected facilities in 50 States, Puerto Rico, Guam, and the Virgin Islands
 - 670 beef plants
 - 611 pork plants
 - 252 chicken plants
 - 112 turkey plants

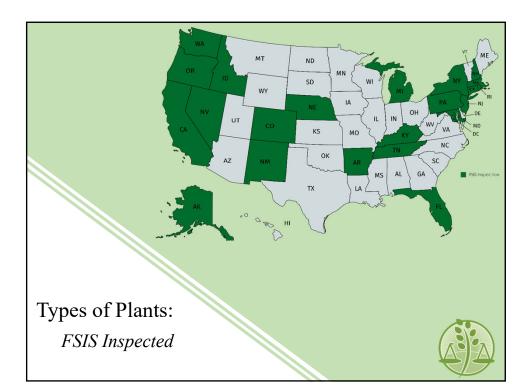


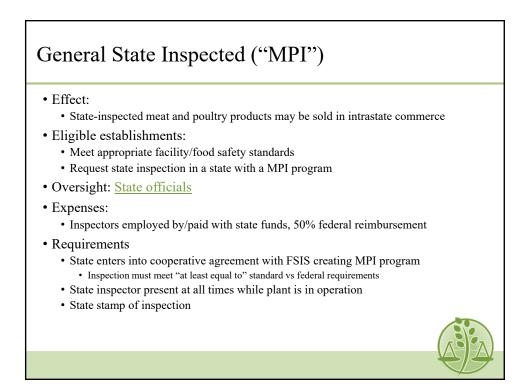


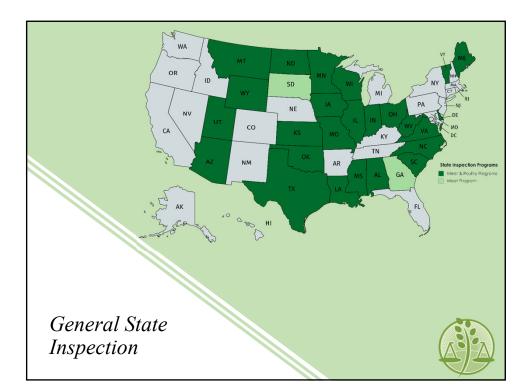








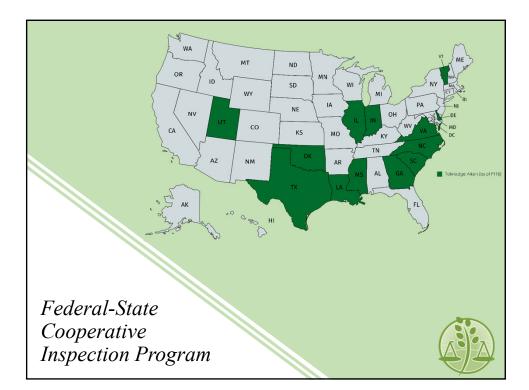


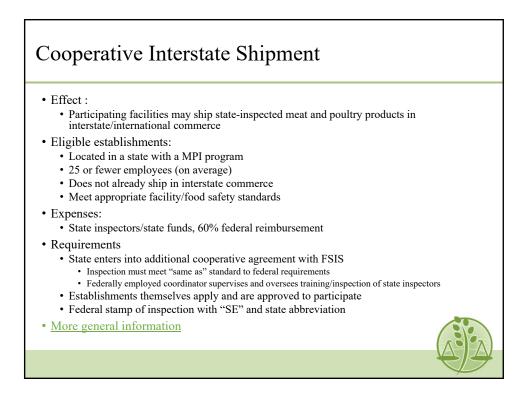


Federal-State Cooperative Inspection Program

- AKA "Talmadge-Aiken" or "cross-utilization agreement" plants
 - Originally separate programs, in 2004 FSIS began recognizing no substantive difference in inspection oversight and standards between the two.
- Effect:
 - Under federal inspection, but operating with state inspection personnel.
 - Products may be sold in interstate commerce
- Eligible establishments:
 - Meet appropriate facility/food safety standards
 - Request federal inspection in a state with a MPI program, FSIS assigns it to state inspector

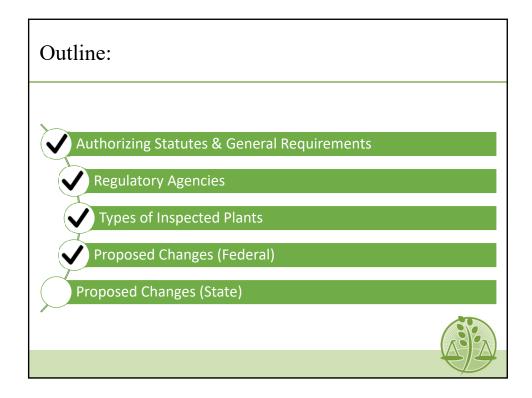
 <u>Contact information</u> (Office of Field Operations)
- Expenses:
 - Inspectors employed by state/paid with state funds, 100% federal reimbursement
- Requirements
 - State enters into additional cooperative agreement with FSIS
 - Inspection requirements are federal requirements
 - Inspector present at all times while plant is in operation
 - Federal stamp of inspection
- As of FY 2019, there were 412 Talmadge Aiken facilities within MPI states

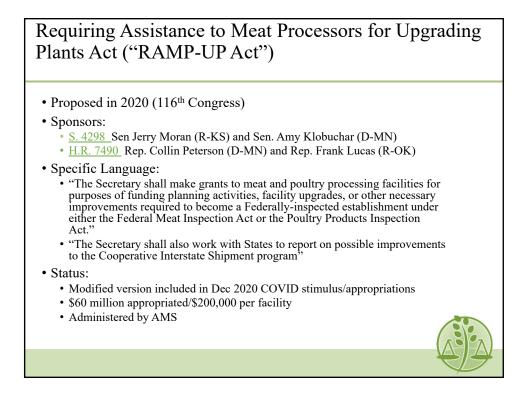






Co	ompariso	on Char	t			
	Agency Contact	Inspection Requirements	Inspector Employer	Inspector Funding Source	Available Markets	Potential Facility Size
FSIS	FSIS Office of Field Operations	Federal requirements	Federal	Federal *User fees for overtime/holiday	Interstate International	Any
MPI	State program	"At least equal to"	State	50% state, 50% federal	Intrastate	Any
TA	FSIS Office of Field Operations	Federal requirements	State, on behalf of FSIS	Federal *User fees for overtime/holiday	Interstate International	Any
CIS	State program	"Same as"	State	40% state, 60% federal	Interstate International	Under 25 employees



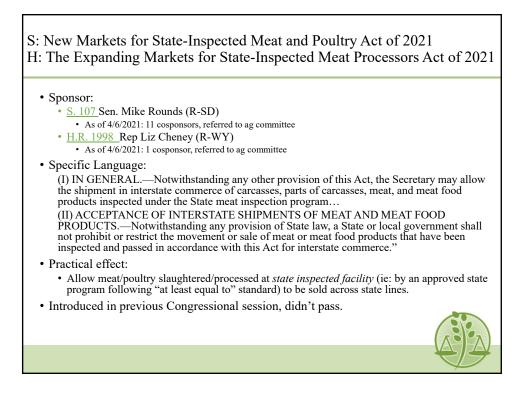


American Rescue Plan Act of 2021

• 3/2021 COVID stimulus

• Appropriation of \$4 billion to USDA

- "...to make grants and loans for small or midsized food processors or distributors, seafood processing facilities and processing vessels, farmers markets, producers, or other organizations to respond to COVID–19, including for measures to protect workers against COVID–19; and
- to make loans and grants and provide other assistance to maintain and improve food and agricultural supply chain resiliency."
- Overtime: \$100 million to reduce the cost of overtime fees
 - Reduce by 75% for very small plants (>10 employees or less than \$2.5m in annual sales)
 - Reduce by 30% for small plants (10-499 employees)
 - Planned to run from 2021 through 2030



Direct Interstate Retail Exemption for Certain Transactions ("DIRECT Act")

• Sponsor:

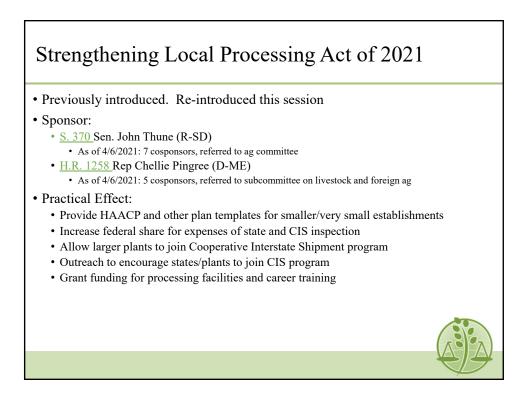
- <u>H.R. 547</u> Rep Dusty Johnson (R-SD) and Henry Cuellar (D-TX)
- As of 4/6/2021: 11 cosponsors, referred to ag committee
- Specific Language:

"...any retail store, restaurant, or similar retail-type establishment may sell over the internet and ship by carrier in commerce (other than for export to a foreign country) any Stateinspected meat or meat food product, provided that the State-inspected meat or meat food product is shipped directly to household consumers and in normal retail quantities."

• Retail quantities = 300 lbs of beef, 100 lbs of pork, 27.5 lbs of lamb (<u>9 CFR 303.1</u>)

Practical effect:

• Allow processors/butchers/other retailers to sell retail quantities (300 lbs of beef, 100 lbs of pork, 27.5 lbs of lamb) of state-inspected meat online to consumers across state lines.



Processing Revival and Interstate Meat Exemption Act ("PRIME Act")

- Introduced in 5 previous Congressional sessions.
 Not currently active
- Sponsors in 116th Congress: Sen. Angus King (I-ME), Rep. Thomas Massie (R-KY)
- Specific Language:

(A) the slaughtering and preparation carried out at such custom slaughter facility is carried out in accordance with the law of the State in which the custom slaughter facility is located; and

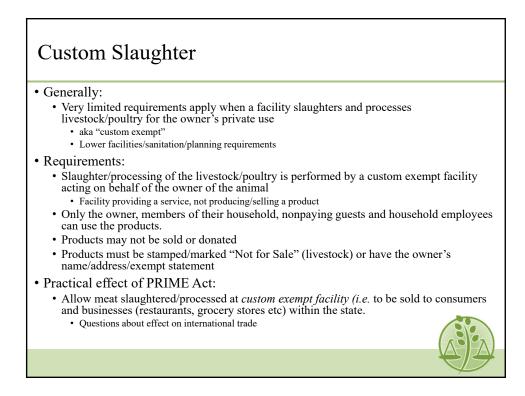
(B) the animals are so slaughtered and the carcasses, parts thereof, meat and meat food products of such animals are so prepared exclusively for distribution to—

(i) household consumers within the State; and

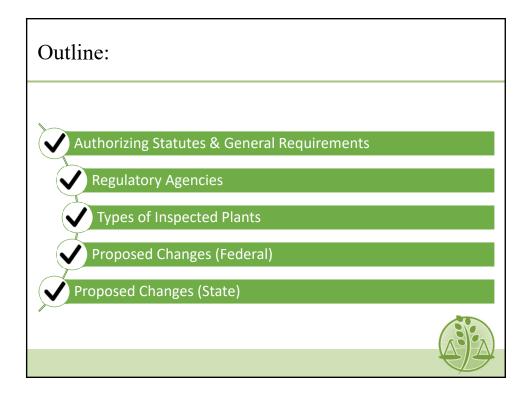
 $(\rm ii)$ restaurants, hotels, boarding houses, grocery stores, or other establishments located in such State that—

(I) are involved in the preparation of meals served directly to consumers; or

(II) offer meat and meat food products for sale directly to consumers in the State.



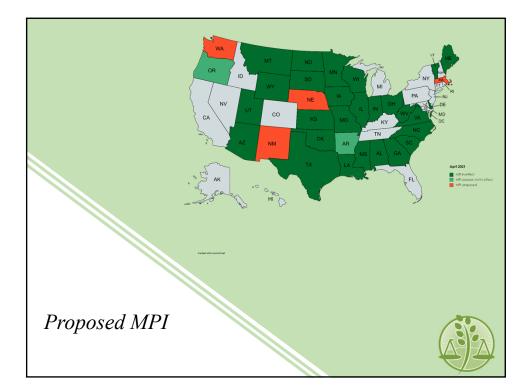
Comp	arison Chart				
	Inspection Requirements	Inspector Employer	Inspector Funding Source	Available Markets	Potential Facility Size
FSIS	Federal requirements	Federal	Federal *User fees for overtime/holiday	Interstate International	Any
MPI	"At least equal to"	State	50% state, 50% federal	Intrastate	Any
ТА	Federal requirements	State, on behalf of FSIS	Federal *User fees for overtime/holiday	Interstate International	Any
CIS	"Same as"	State	40% state, 60% federal	Interstate International	Under 25 employees
*New Markets	"At least equal to"	State	50% state, 50% federal (presumably)	Interstate International	Any
*DIRECT	"At least equal to"	State	50% state, 50% federal (presumably)	Interstate consumers via internet	Any
*PRIME	No continuous inspection; custom exempt requirements only	No inspector	No inspector	Intrastate	Any



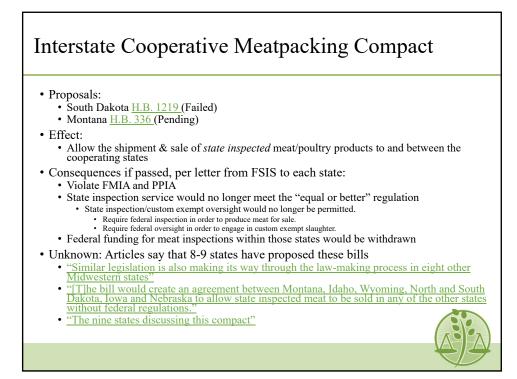
Creation of State Meat Inspection Programs

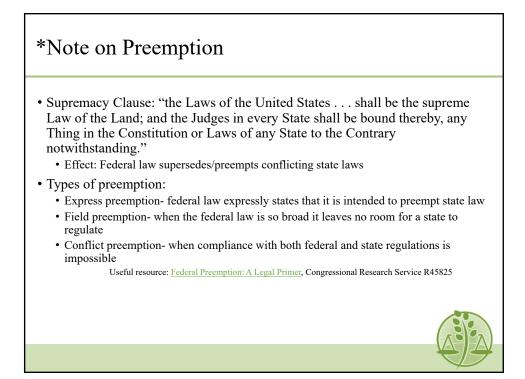
State	Bill	Status	Content
Arkansas	<u>HB 1315</u>	Adopted	Create state meat inspection program (no mention of poultry). Proposed appropriation of 750k (AR SB 164) $$
Massachusetts	<u>SD 1705</u>	Pending	Create state meat inspection program (no mention of poultry)
Washington	<u>S.B. 5045</u>	Pending	Original bill: "It is the purpose of this section to provide a meat and poultry inspection program in the state" Current version: "Assist in developing infrastructure includingslaughter facilities inspected by the department under a cooperative agreement with the United States department of agriculture as appropriate to increase direct marketing opportunities for farms"
Washington	<u>H.B. 1102</u>	Pending	Create state meat inspection program (no mention of poultry)
Oregon	<u>H.B. 4152</u>	Adopted	2020: Create state meat inspection program (no mention of poultry). Proposed appropriation of 700k (HB 3158)
New Mexico	<u>H.B. 246</u>	Dead	Creates a "New Mexico department of agriculture," which is given authority over meat inspection
New Mexico	<u>H.B. 33</u>	Dead	Gives the New Mexico Livestock Board authority to establish rules and conduct inspections for meat/poultry
Nebraska	<u>LB 235</u>	Pending	Create state meat inspection program (no mention of poultry); join Cooperative Interstate Shipment Program

		State	Custom	TA *	CIS **	State Funds ***	Fed. Funds	Other Funds ***
	Alabama	19	23	21		4,291,196	4,291,196	
	Arizona	25	48					
	Delaware	1	5	9		240,000	240,000	
	Georgia	34	72	59		1,575,583	1,575,583	
	Illinois	13	36	60		6,992,000	6,992,000	
	Indiana	75	39	10	14	1,496,206	1,496,206	
	lowa	68	78		0	2,055,228	2,055,228	
	Kansas	52	33			1,434,042	1,319,954	21,256
	Louisiana	46	25	2		2,000,000	2,000,000	
	Maine	5	87		3	417,456	379,088	
	Minnesota	54	231			1,600,000	1,600,000	
	Mississippi	16	10	21		1,036,589	1,090,189	
	Missouri	37	160		1	43,158	43,158	
	Montana	40	122			1,531,204	1,486,923	
	North Carolina	54	21	108		4,327,226	4,327,226	
	North Dakota	10	78		4			
	Ohio	181	82	12	26	4,567,547	5,194,424	
	Oklahoma	21	55	7				
	South Carolina	55	15	8		1,350,619	1,674,924	
	South Dakota	37	43			433,831	433,831	
	Texas	220	153	15				
	Utah	16	69	14		2,399,000		
Chata	Vermont	11	30	14		597,913	884,297	1,537,333
State	Virginia	9	50	39		4,083,362		
In an estimation /East 1:	West Virginia	22	22			709,098	722,641	
Inspection/Funding:	Wisconsin	226	51	13	18	4,259,405	5,078,508	145,228
	Wyoming	11	27					
	*: <u>As of FY 201</u> **: <u>As of May</u> ***: <u>For FY 20</u>	2020						



Grant	s for Proc	cessors	
slaugh	iter and processir d through state o	ng facilities	h improving or opening meat/poultry propriations or aspirational
State	Bill	Status	Content
Virginia	<u>H.B. 2068</u>	Passed	Grant program for farmers markets, food hubs, and processing facilities
Wyoming	<u>H.B. 51</u>	Enrolled 4/6/21	Grant program related to expanding and enhancing meat processing capabilities; providing for an appropriation
Massachus	etts <u>S.D. 1261</u>	Pending	Pilot program to provide livestock slaughtering and processing options to geographically isolated island communities that will allow for the commercial sale of product
Minnesota	<u>S.F 2196;</u> <u>H.F. 2316</u>	Pending	Meat cutting and butchery training appropriation
Oregon	<u>H.B. 2785</u>	Pending	Grant program to fund upgrades and construction of meat processing establishments

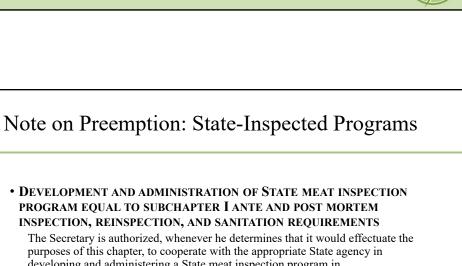




Note on Preemption: Language and Interpretation

- Federal Meat Inspection Act
 - "Requirements within the scope of this [Act] with respect to premises, facilities and operations of any establishment at which inspection is provided under ... this [Act] which are in addition to, or different than those made under this [Act] may not be imposed by any State."
- Poultry Products Inspection Act
 - "Requirements within the scope of this [Act] with respect to premises, facilities and operations of any official establishment which are in addition to, or different than those made under this chapter may not be imposed by any State..."

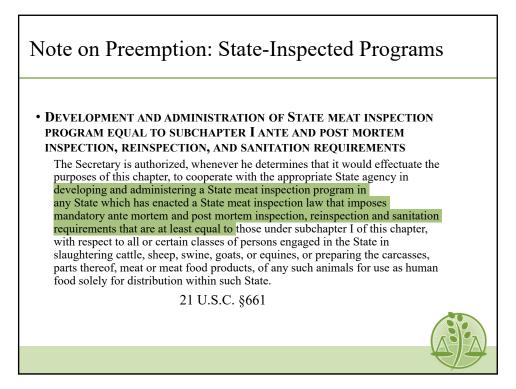
- <u>National Meat Assn. v. Harris</u>, 565 U.S. 452 (2012)
 - "The FMIA's preemption clause, §678, precludes states from imposing requirements that are "within the scope" of the FMIA, relate to slaughterhouse "premises, facilities and operations," and are "in addition to, or different than those made under" the FMIA."
 - The FMIA's preemption clause sweeps widely ... The clause prevents a State from imposing any additional or different—even if nonconflicting requirements that fall within the FMIA's scope and concern slaughterhouse facilities or operations.

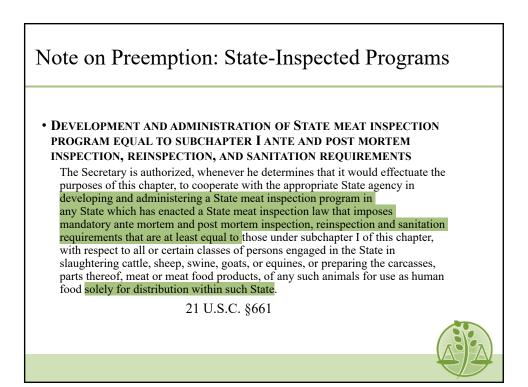


developing and administering a State meat inspection program in any State which has enacted a State meat inspection law that imposes mandatory ante mortem and post mortem inspection, reinspection and sanitation requirements that are at least equal to those under subchapter I of this chapter, with respect to all or certain classes of persons engaged in the State in slaughtering cattle, sheep, swine, goats, or equines, or preparing the carcasses, parts thereof, meat or meat food products, of any such animals for use as human food solely for distribution within such State.

21 U.S.C. §661







Custom Exempt Sale: Proposals

State	Bill	Status	Content
Maine	<u>S.P. 201</u>	Pending	Allow custom slaughterhouses to produce meat to be sold commercially
Indiana	<u>H.B. 1540</u>	Pending	All meat products from a custom exempt slaughter establishment are eligible for sale by the owner of the slaughtered or processed livestock or poultry: (1) through any market venue, including a retail establishment, farmers market, farm consignment store, and roadside stand; and (2) directly to the consumer. Label of non-inspection required
Montana	<u>S.B. 279</u>	Dead	Same requirements for custom slaughter as for "a person who slaughters livestock or poultry or prepares or processes livestock or poultry products for an individual or a local retail meat establishment, if the carcasses, parts, or meat food products prepared for sale are: (i) plainly marked as "Local Montana Product" immediately after being slaughtered or prepared and remain plainly marked; and (ii) prepared and packaged in a sanitary manner and in a sanitary facility."
Texas	<u>H.B. 2213</u>	Pending	No continuous inspection required for exotic animals exclusively for donation by a hunter to a nonprofit food bank.

21 U.S. Code § 623 - Exemptions from inspection requirements The provisions of this subchapter requiring inspection of the slaughter of animals and the preparation of the carcasses, parts thereof, meat and meat food products at establishments conducting such operations for commerce shall not apply to ... the custom slaughter by any person, firm, or corporation of cattle, sheep, swine or goats delivered by the owner thereof for such slaughter, and the preparation by such slaughterer and transportation in commerce of the carcasses, parts thereof, meat and meat food products of such animals, or corporation in the height for use in the height for use the height for use the height for use the height of height of height for use the height of height of height for use height of height of height for use height of height of height for use height of height exclusively for use, in the household of such owner, by him and members of his household and his nonpaying guests and employees;

State	Bill	Status	Content
Maine	<u>S.P. 201</u>	Pending	Allow custom slaughterhouses to produce meat to be sold commercially
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The provision carcasses, p for comme swine or go transportate exclusively	ons of this su parts thereof, rce shall not a pats delivered ion in comme	bchapter meat and apply to by the ow erce of the	rom inspection requirements requiring inspection of the slaughter of animals and the preparation of the meat food products at establishments conducting such operations the custom slaughter by any person, firm, or corporation of cattle, sheep, oner thereof for such slaughter, and the preparation by such slaughterer and carcasses, parts thereof, meat and meat food products of such animals, Id of such owner, by him and members of his household and his nonpaying

Animal Share: For Producers/Consumers Producer sells the animal or portions of the animal to consumer(s) while it is still alive Preparing to Buy a Quarter of Beef ٠ How much meat is a quarter of a beef? • Ex: 1/4 beef, 1/2 pig After animal is completely sold, the producer acts as an agent to arrange transportation to the custom exempt facility ٠ Each individual consumer/owner is responsible for choosing how their portion of the animal should be processed • Costs: Consumer/owner is responsible for paying: Producer (for the animal) · Custom exempt facility (for processing) ch cooler/freezer space do you need? 4.5 cu. ft. of chest freezer space • Wyoming Stat. 11-49-104 (passed March, 2020) 1/4 In practice: expands definition of "owner" to include herd shares/smaller portions of the animal "Animal share" means an ownership interest in an animal or herd of animals created by a written contract between an informed end consumer and a farmer or rancher that includes a bill of sale to the consumer for an ownership interest in the animal or herd and a boarding provision under which the consumer boards the animal or herd with the farmer or rancher for care and processing and the consumer is entitled to receive a share of meat from the animal or herd" 5.5 cu. ft. of upright freeze space What costs should you expect? · First of its kind*

State	Bill	Status	Content
Texas	<u>SB 857</u>	Pending	No inspection required if "animal share" is established before slaughter.
Colorado	<u>S.B. 79</u>	Conference Committee	No inspection required if "animal share" is established before slaughter. "Animal share" includes at least 1% of the meat of a live animal
Colorado	<u>H.B.1062</u>	"Postpone indefinitely"	No inspection required if "animal share" is established before slaughter.
Nebraska	<u>L.B. 324</u>	Enrollment/Review for Engrossment	No inspection required if "animal share" is established before slaughter, because is not "the sale of meat products"
Arkansas	<u>H.B. 1681</u>	"Reported correctly engrossed"	No inspection required if "animal share" is established before slaughter.
Iowa	<u>H.F. 319</u>	Pending	No inspection required if "commodity share" is established before slaughter.
Iowa	<u>H.F. 567</u>	Pending	No inspection required if "commodity share" is established before slaughter.
New Mexico	<u>S.B. 118</u>	Died	No inspection required if "animal share" is established before slaughter.
Oregon	<u>H.B. 2258</u>	Pending	No inspection required if "animal share" is established before slaughter.
Minnesota	<u>S.F. 1941</u>	Pending	State and local food safety licensing, permitting, certification, inspection, packaging, and labeling requirements do not apply to the direct sale of homemad food. In terms of meat products, this only includes (1) live animals intended for slaughter; or (2) portions of animals sold for future delivery if the animals are processed by the informed end user or a processor licensed by the commissioner the United States Department of Agriculture.

