

OFFICE OF POLICY AND LEGAL ANALYSIS

To: Members, Joint Standing Committee on Agriculture, Conservation and Forestry
From: Karen S. Nadeau, Legislative Analyst
Date: March 16, 2021
Subj: **LD 493** An Act To Allow Custom Slaughterhouses To Produce Cuts of Meat To Be Sold Commercially in the State

This bill authorizes custom slaughterhouses to produce cuts of meat to be sold commercially in the State.

Proponents: *Maine Farm Bureau; Farmer from Charleston; Written only: Farmers from Perham, Chapman, Auburn and New Sweden; Residents of Southwest Harbor, Washington and Waterford*

- Livestock producers throughout the State of Maine are suffering; the pandemic highlighted the urgent need for more processing in Maine.
- One of the biggest obstacles facing slaughterhouses is the creation and intimidation of the Hazard Analysis Critical Control Point (HACCP) plan.
- The department needs to hire more inspectors, to help custom slaughter operations meet growing demand and to work with the Department of Labor to increase the labor force.
- Maine Farm Bureau suggests:
 - Provide a 2-year provisional license so that processing facilities may simultaneously build facilities while increasing the number of animals they are capable of processing.
 - Increase the number of inspectors by re-appropriating unfilled positions within the dept.
 - Allow a small number of animals to be processed w/o an inspector being present during processing, when certain criteria are met, similar to the exemption for poultry.
 - Prioritization of livestock processing for Agricultural Development Grants.
 - Develop a permanent HACCP assistance program in conjunction with UMaine Coop Ext.
- There are not enough processing facilities nor inspectors to allow our farm/business to thrive and be profitable; to be permitted by law to sell by the cut, we have to load our livestock and travel over 4 hours to a facility to have our animals processed and sold commercially in the state.
- It is an awful situation when small family farmers do everything possible to raise healthy, hardy livestock and have invested in keeping Maine's open areas and farmland a viable and valuable resource, and due to circumstances beyond their control, are not able to reap proper compensation for the effort.

Opponents: *Department of Agriculture, Conservation and Forestry – Bureau of Agriculture, Food and Rural Resources*

- LD 493 proposes that Maine violate the Federal Meat Inspection Act; will result in loss of Maine Meat and Poultry Inspection (MMPI) program. The changes sought by this bill are best aimed at the federal level, rather than through state action that would make us non-compliant w/federal law.
- Custom slaughterhouses operate under the custom exemption of the Federal Meat Inspection Act. Custom operators are inspected once per year, whereas inspected operators are inspected daily. In exchange for less oversight, the meat produced by custom operators must be marked as "Not For Sale" and can only be used for personal use of the animal's owner, family and non-paying guests.
- In 2020, DACF reallocated a temporary vacant position to the MMPI program so we could provide additional state inspection to alleviate the backlog.
- DACF also worked with UMaine and utilized trained inspectors from DACF's Weights and Measures program to provide temporary inspection at 3 of Maine's custom facilities last summer.

- DACF has requested 2 additional MMPI positions in the biennial budget to expand the program to provide inspection to more custom facilities.
- The Strengthening Local Processing Act, introduced in Congress, will significantly increase the federal share of costs for state inspection and CIS facilities. It would also authorize competitive grants to small establishments, state inspected facilities, custom exempt facilities or new small-scale slaughter facilities for COVID response and recovery activities.
- USDA-FSIS letter dated March 2, 2021 – they will begin withdrawing the Cooperative Agreements allowing MMPI if this LD goes forward. As a result, state-inspected processors would face the choice of either becoming USDA-inspected (subject to daily inspection) or revert to custom operations. Custom operations would be selling uninspected meat commercially within the state.

NFNA: *None*

RELATED LEGISLATION

LD 66 – AA To Improve Livestock and Poultry Preparation – section 19 in particular

- Current law allows custom operators (that are not licensed but registered) to engage in intrastate commerce in the business of buying, selling, preparing, processing, packing, storing, transporting or otherwise handling meat, meat food products, or poultry products if that person is registered with the state. Section 19 of LD 66 proposes to strike this allowance.
- Requires a custom slaughterer, custom processor, poultry producer (fewer than 1,000) or rabbit processor (fewer than 1,000) or a person in any other category that the commissioner may by rule establish who is not licensed to register with the department. Current law is permissive (may); LD proposes requirement (must).

PRELIMINARY FISCAL IMPACT STATEMENT: *Not yet received.*

NOTES - Biennial budget initiatives:

1) Establishes one limited-period Consumer Protection Inspector position funded 50% GF and 50% Federal Expenditures Fund in the Bureau of Agriculture program (pp. 3-4 of report-back template; ref#s 213 and 214)

- This position will provide inspection services to meet increasing demand in the MMPI program and reduce wait times for livestock producers.
- \$46,915 FY 22 and \$48,991 FY 23

2) Established one limited-period Inspection Process Analyst Coordinator position for the MMPI program funded 50% GF and 50% Federal Expenditures Fund within the same program and provides funding for related All Other costs; and provides All Other funds in the Office of the Commissioner program, GF and OSR Funds for administrative costs related to the position. (pp. 4- of report-back template; ref#s 216 and 217)

- This position will administer day-to-day operations in the MMPI program, which has experienced increasing demand with the new Cooperative Interstate Shipment program and address a weakness identified by the USDA-FSIS during an onsite audit in 2018.
- \$50,941 FY 23
- The committee voted both initiatives “in” with amendments to make both permanent, rather than limited-period, positions.