

Union Calendar No. 279

117TH CONGRESS
2^D SESSION

H. R. 4140

[Report No. 117-368]

To make improvements with respect to the pricing of cattle in the United States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 2021

Mr. JOHNSON of South Dakota (for himself, Ms. SPANBERGER, Mr. MANN, Mrs. HARTZLER, Mr. BAIRD, Mr. CUELLAR, Mrs. FISCHBACH, Mr. FEENSTRA, and Mr. LUCAS) introduced the following bill; which was referred to the Committee on Agriculture

JUNE 14, 2022

Additional sponsors: Mr. SMITH of Nebraska, Mr. DELGADO, Mrs. CAMMACK, Mr. WESTERMAN, Mrs. HARSHBARGER, Ms. CHENEY, Mr. CLINE, Mr. EMMER, Mrs. AXNE, Ms. WEXTON, Mr. O'HALLERAN, and Mr. GOTTHEIMER

JUNE 14, 2022

Reported with an amendment; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on June 24, 2021]

A BILL

To make improvements with respect to the pricing of cattle
in the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Butcher Block Act”.*

5 **SEC. 2. ASSISTANCE FOR NEW AND EXPANDED LIVESTOCK**
 6 **OR MEAT PROCESSORS.**

7 *(a) IN GENERAL.—The Secretary of Agriculture (in*
 8 *this section referred to as the “Secretary”) may make or*
 9 *guarantee a loan for the purpose of—*

10 *(1) increasing capacity of livestock and poultry*
 11 *processing, facilitating economic opportunity for live-*
 12 *stock and poultry producers through processing ac-*
 13 *tivities, and diversifying processing ownership;*

14 *(2) increasing the customer base or revenue re-*
 15 *turns of livestock and poultry producers through in-*
 16 *vestment in processing capacity;*

17 *(3) improving, developing, or financing livestock*
 18 *and poultry processing capacity or employment in-*
 19 *cluding through the financing of working capital; or*

20 *(4) promoting the interstate trade and local sales*
 21 *of processed livestock and poultry by financing im-*
 22 *provements to meet relevant Federal, State, and local*
 23 *regulatory standards.*

24 *(b) ELIGIBILITY; GENERAL LIMITATIONS.—*

(1) *ELIGIBLE RECIPIENT.*—An entity shall be eligible for a loan or guarantee under this section if the entity is—

(A) a public, private, or cooperative organization organized on a for-profit or nonprofit basis;

(B) an Indian tribe on a Federal or State reservation, or any other federally recognized Indian tribal group; or

(C) an individual.

(2) *FACILITY LOCATION.*—

(A) *IN GENERAL.*—Except as provided in subparagraph (B), a facility constructed, expanded, modified, refurbished, or re-equipped with proceeds from a loan made or guaranteed under this section shall be in a rural area.

(B) *EXCEPTION.*—A facility constructed, expanded, modified, refurbished, or re-equipped with proceeds from a loan made or guaranteed under this section may be in a non-rural area if—

(i) the primary use of the loan involved is for the facility, and the facility will increase the customer base or revenue returns of livestock and poultry producers

1 *that are located within 300 miles of the fa-*
2 *cility;*

3 *(ii) the loan involved will be used to*
4 *increase the capacity in livestock and poul-*
5 *try processing in a region; and*

6 *(iii) the principal amount of the loan*
7 *involved does not exceed \$50,000,000.*

8 *(C) RURAL AREA DEFINED.—In this para-*
9 *graph, the term “rural area” has the meaning*
10 *given the term in section 343(a)(13) of the Con-*
11 *solidated Farm and Rural Development Act (7*
12 *U.S.C. 1991(a)(13)).*

13 *(3) LIMITATIONS.—*

14 *(A) LIMITATION ON AMOUNT OF LOAN IN-*
15 *VOLVED.—A loan of more than \$50,000,000 may*
16 *not be made or guaranteed under this section.*

17 *(B) LIMITATION ON ELIGIBILITY.—A loan*
18 *may not be made or guaranteed under this sec-*
19 *tion to an entity that is owned in partnership*
20 *or in whole by—*

21 *(i) a foreign entity; or*

22 *(ii) an entity that currently processes*
23 *over 5 percent of the daily harvest of any*
24 *species.*

1 (c) *SPECIAL RULES APPLICABLE WITH RESPECT TO*
 2 *COOPERATIVES.—*

3 (1) *LIMITATION ON AMOUNT OF LOAN IN-*
 4 *VOLVED.—*

5 (A) *IN GENERAL.—Notwithstanding sub-*
 6 *section (b)(3), a loan of not more than*
 7 *\$100,000,000 may be made or guaranteed for a*
 8 *cooperative organization under this section.*

9 (B) *CONDITIONS APPLICABLE IF LOAN IN-*
 10 *VOLVED IS FOR MORE THAN \$50,000,000.—A loan*
 11 *of more than \$50,000,000 may not be made or*
 12 *guaranteed for a cooperative organization under*
 13 *this section unless the loan is used to carry out*
 14 *a project that significantly increases the livestock*
 15 *and poultry processing in a region, where insuf-*
 16 *ficient processing capacity exists, as determined*
 17 *by the Secretary.*

18 (2) *INTANGIBLE ASSETS.—*

19 (A) *IN GENERAL.—In determining whether*
 20 *a cooperative organization is eligible for a loan*
 21 *or guarantee under this section, the Secretary*
 22 *may consider the market value of a properly ap-*
 23 *praised brand name, patent, or trademark of the*
 24 *cooperative.*

1 (B) *ACCOUNTS RECEIVABLE.*—*In the sole*
 2 *discretion of the Secretary, if the Secretary deter-*
 3 *mines that the action would not create or other-*
 4 *wise contribute to an unreasonable risk of default*
 5 *or loss to the Federal Government, the Secretary*
 6 *may take accounts receivable as security for the*
 7 *obligations entered into in connection with a*
 8 *loan made or guaranteed under this section, and*
 9 *a borrower may use accounts receivable as collat-*
 10 *eral to secure such a loan.*

11 (3) *PURCHASE OF COOPERATIVE STOCK.*—

12 (A) *IN GENERAL.*—*The Secretary may make*
 13 *or guarantee a loan in accordance with this sec-*
 14 *tion to an individual farmer or rancher for the*
 15 *purpose of purchasing capital stock of a farmer*
 16 *or rancher cooperative undertaking an eligible*
 17 *project under this section.*

18 (B) *PROCESSING CONTRACTS DURING INI-*
 19 *TIAL PERIOD.*—*A cooperative described in sub-*
 20 *paragraph (A) with respect to which a farmer or*
 21 *rancher receives a guarantee to purchase stock*
 22 *under subparagraph (A) may contract for serv-*
 23 *ices to fulfill any eligible purpose under this sec-*
 24 *tion, during the 5-year period beginning on the*
 25 *date the cooperative commences operations, in*

1 *order to provide adequate time for the planning*
2 *and construction of the processing facility of the*
3 *cooperative.*

4 (C) *FINANCIAL INFORMATION.*—*A farmer or*
5 *rancher from whom the Secretary requires finan-*
6 *cial information as a condition of making or*
7 *guaranteeing a loan under subparagraph (A)*
8 *shall provide the information in the manner gen-*
9 *erally required by commercial agricultural lend-*
10 *ers in the geographical area in which the farmer*
11 *or rancher is located.*

12 (d) *CONDITIONS APPLICABLE WITH RESPECT TO*
13 *USING LOAN INVOLVED FOR REFINANCING.*—*A borrower*
14 *may use 25 percent of a loan made or guaranteed under*
15 *this section to refinance a loan made for a purpose de-*
16 *scribed in subsection (a) if—*

17 (1) *the borrower is current and performing with*
18 *respect to the loan to be refinanced;*

19 (2) *the borrower has not defaulted on any pay-*
20 *ment required to be made with respect to the loan to*
21 *be refinanced;*

22 (3) *none of the collateral for the loan to be refi-*
23 *nanced has been converted; and*

24 (4) *there is adequate security or full collateral*
25 *for the loan to be refinanced.*

1 (e) *LOAN APPRAISAL.*—*The Secretary may require*
 2 *that any appraisal made in connection with a loan made*
 3 *or guaranteed under this section be conducted by a special-*
 4 *ized appraiser that uses standards that are similar to*
 5 *standards used for similar purposes in the private sector,*
 6 *as determined by the Secretary.*

7 (f) *PREFERENCE.*—*In making or guaranteeing a loan*
 8 *under this section, the Secretary shall give a preference to*
 9 *applicants that have experience in livestock and poultry*
 10 *processing and can quickly scale-up to increase overall*
 11 *processing capacity in the region involved.*

12 (g) *LIMITATIONS ON AUTHORIZATION OF APPROPRIA-*
 13 *TIONS.*—*There is authorized to be appropriated to carry out*
 14 *this section \$100,000,000 for each of fiscal years 2023*
 15 *through 2025.*

16 **SEC. 3. NEW AND EXPANDING LIVESTOCK OR MEAT PROC-**
 17 **ESSING GRANTS.**

18 (a) *IN GENERAL.*—*The Secretary of Agriculture may*
 19 *make grants to—*

20 (1) *expand, diversify, and increase capacity in*
 21 *livestock or poultry processing activities;*

22 (2) *improve compliance with livestock and poul-*
 23 *try processing statutes (including the regulations*
 24 *issued thereunder), such as the Federal Meat Inspec-*

1 *tion Act (21 U.S.C. 661) and the Poultry Products*
2 *Inspection Act (21 U.S.C. 454);*

3 (3) *identify and reduce barriers to entry for new*
4 *for new livestock and poultry processors; or*
5 (4) *update, expand, or otherwise improve exist-*
6 *ing facilities.*

7 (b) *ELIGIBLE GRANTEES.—An entity shall be eligible*
8 *for a grant under this section if the entity is—*

9 (1) *a governmental entity;*

10 (2) *a public, private, or cooperative organization*
11 *organized on a for-profit or nonprofit basis; or*

12 (3) *an Indian tribe on a Federal or State res-*
13 *ervation or any other federally recognized Indian*
14 *tribal group.*

15 (c) *USE OF FUNDS.—An entity to which a grant is*
16 *made under this section may use the grant funds to estab-*
17 *lish or support new or expanded livestock or poultry proc-*
18 *essing activity, or other activity which will increase the cus-*
19 *tomers base or revenue returns of livestock and poultry pro-*
20 *ducers, by undertaking project, that—*

21 (1) *identifies and analyzes business opportuni-*
22 *ties, including feasibility studies as required for cred-*
23 *itworthiness;*

1 (2) *identifies, trains, and provides technical as-*
2 *sistance to existing or prospective rural entrepreneurs*
3 *and managers or processing facilities;*

4 (3) *provides technical assistance to gain compli-*
5 *ance with Federal, State, or local regulations;*

6 (4) *conducts regional, community, and local eco-*
7 *nomie development planning and coordination, and*
8 *leadership development; or*

9 (5) *establishes a center for training, technology,*
10 *and trade that will provide training to livestock or*
11 *poultry processing employees.*

12 (d) *PREFERENCE.—In awarding grants under this*
13 *section, the Secretary shall give a preference to applicants*
14 *that have experience in livestock and poultry processing and*
15 *can quickly scale-up to increase overall processing capacity*
16 *in the region involved.*

17 (e) *LIMITATIONS ON AUTHORIZATION OF APPROPRIA-*
18 *TIONS.—There is authorized to be appropriated to carry out*
19 *this section \$20,000,000 for each of fiscal years 2023*
20 *through 2025.*

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