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(Original Signature of Member)

117TH CONGRESS
1ST SESSION

H. R.

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

IN THE HOUSE OF REPRESENTATIVES

Mr. JOHNSON of South Dakota introduced the following bill; which was referred to the Committee on _____

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—

1 (1) facilitating economic opportunity for live-
2 stock and meat producers seeking further processing
3 capacity and diversification of processor ownership
4 to increase competitiveness in the livestock and meat
5 industry;

6 (2) increasing value-added opportunities for
7 livestock and meat production through investment in
8 processing capacity;

9 (3) improving, developing, or financing livestock
10 and meat processing activity and employment includ-
11 ing through the financing of working capital; or

12 (4) promoting the interstate trade and local
13 sales of processed meat by financing improvements
14 to meet relevant Federal, State, and local regulatory
15 standards.

16 (b) ELIGIBILITY; GENERAL LIMITATIONS.—

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

20 (A) a public, private, or cooperative organi-
21 zation organized on a for-profit or nonprofit
22 basis;

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

1 (C) an individual.

2 (2) FACILITY LOCATION.—

3 (A) IN GENERAL.—Except as provided in
4 subparagraph (B), a facility constructed with
5 proceeds from a loan made or guaranteed under
6 this section shall be in a rural area.

7 (B) EXCEPTION.—A facility constructed
8 with proceeds from a loan made or guaranteed
9 under this section may be in a non-rural area
10 if—

11 (i) the primary use of the loan in-
12 volved is for the facility, and the facility
13 will provide value-added processing for ag-
14 ricultural producers that are located within
15 300 miles of the facility;

16 (ii) the applicant demonstrates to the
17 Secretary that the primary benefit of mak-
18 ing the loan or guarantee will be to provide
19 employment for residents of a rural area;

20 (iii) the loan involved will be used to
21 increase the competitiveness of meat, poul-
22 try, or seafood processing in a region; and

23 (iv) the principal amount of the loan
24 involved does not exceed \$50,000,000.

1 (C) RURAL AREA DEFINED.—In this para-
2 graph, the term “rural area” has the meaning
3 given the term in section 343(a)(13) of the
4 Consolidated Farm and Rural Development Act
5 (7 U.S.C. 1991(a)(13)).

6 (3) LIMITATIONS.—

7 (A) LIMITATION ON AMOUNT OF LOAN IN-
8 VOLVED.—A loan of more than \$50,000,000
9 may not be made or guaranteed under this sec-
10 tion.

11 (B) LIMITATION ON ELIGIBILITY.—A loan
12 may not be made or guaranteed under this sec-
13 tion to an entity that is owned in partnership
14 or in whole by—

15 (i) a foreign entity; or

16 (ii) an entity that currently processes
17 over 5 percent of the daily harvest of any
18 species.

19 (c) SPECIAL RULES APPLICABLE WITH RESPECT TO
20 COOPERATIVES.—

21 (1) LIMITATION ON AMOUNT OF LOAN IN-
22 VOLVED.—

23 (A) IN GENERAL.—Notwithstanding sub-
24 section (b)(3), a loan of not more than

1 \$100,000,000 may be made or guaranteed for
2 a cooperative organization under this section.

3 (B) CONDITIONS APPLICABLE IF LOAN IN-
4 VOLVED IS FOR MORE THAN \$50,000,000.—A
5 loan of more than \$50,000,000 may not be
6 made or guaranteed for a cooperative organiza-
7 tion under this section unless the loan is used
8 to carry out a project that—

9 (i) provides for the value-added proc-
10 essing of agricultural commodities; or

11 (ii) significantly increases competitive-
12 ness or increases capacity where insuffi-
13 cient capacity exists for livestock harvest
14 or meat processing, as determined by the
15 Secretary.

16 (2) INTANGIBLE ASSETS.—

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

23 (B) ACCOUNTS RECEIVABLE.—In the sole
24 discretion of the Secretary, if the Secretary de-
25 termines that the action would not create or

1 otherwise contribute to an unreasonable risk of
2 default or loss to the Federal Government, the
3 Secretary may take accounts receivable as secu-
4 rity for the obligations entered into in connec-
5 tion with a loan made or guaranteed under this
6 section, and a borrower may use accounts re-
7 ceivable as collateral to secure such a loan.

8 (3) PURCHASE OF COOPERATIVE STOCK.—

9 (A) IN GENERAL.—The Secretary may
10 make or guarantee a loan in accordance with
11 this section to an individual farmer or rancher
12 for the purpose of purchasing capital stock of
13 a farmer or rancher cooperative established for
14 the purpose of processing an agricultural com-
15 modity.

16 (B) PROCESSING CONTRACTS DURING INI-
17 TIAL PERIOD.—A cooperative described in sub-
18 paragraph (A) with respect to which a farmer
19 or rancher receives a guarantee to purchase
20 stock under subparagraph (A) may contract for
21 services to process agricultural commodities or
22 otherwise process value-added agricultural prod-
23 ucts, during the 5-year period beginning on the
24 date the cooperative commences operations, in
25 order to provide adequate time for the planning

1 and construction of the processing facility of
2 the cooperative.

3 (C) FINANCIAL INFORMATION.—A farmer
4 or rancher from whom the Secretary requires fi-
5 nancial information as a condition of making or
6 guaranteeing a loan under subparagraph (A)
7 shall provide the information in the manner
8 generally required by commercial agricultural
9 lenders in the geographical area in which the
10 farmer or rancher is located.

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

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

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

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

23 (4) there is adequate security or full collateral
24 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 spe-
4 cialized 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
9 to applicants that have experience in meat processing and
10 can quickly scale-up to increase overall processing capacity
11 in the region involved.

12 (g) LIMITATIONS ON AUTHORIZATION OF APPRO-
13 PRIATIONS.—There is authorized to be appropriated to
14 carry out this section \$100,000,000 for each of fiscal
15 years 2022 through 2024.

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 competition
21 in livestock or meat processing activities;

22 (2) improve compliance with livestock and meat
23 processing statutes (including the regulations issued
24 thereunder), such as the Federal Meat Inspection

1 Act (21 U.S.C. 661) and the Poultry Products In-
2 spection Act (21 U.S.C. 454);

3 (3) provide relief from financial barriers to
4 entry into the livestock and meat processing indus-
5 try; and

6 (4) update, expand, or otherwise improve exist-
7 ing facilities.

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

10 (1) a governmental entity;

11 (2) a public, private, or cooperative organiza-
12 tion organized on a for-profit or nonprofit basis; or

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

16 (c) USE OF FUNDS.—An entity to which a grant is
17 made under this section may use the grant funds for a
18 livestock or meat producing business opportunity, or a new
19 or expanded processing project, that—

20 (1) identifies and analyzes business opportuni-
21 ties, including feasibility studies as required for
22 creditworthiness;

23 (2) identifies, trains, and provides technical as-
24 sistance to existing or prospective rural entre-
25 preneurs and managers or processing facilities;

1 (3) provides technical assistance to gain compli-
2 ance with Federal, State, or local regulations;

3 (4) conducts regional, community, and local
4 economic development planning and coordination,
5 and leadership development; or

6 (5) establishes a center for training, technology,
7 and trade that will provide training to livestock or
8 meat processing employees.

9 (d) PREFERENCE.—In awarding grants under this
10 section, the Secretary shall give a preference to applicants
11 that have experience in meat processing and can quickly
12 scale-up to increase overall processing capacity in the re-
13 gion involved.

14 (e) LIMITATIONS ON AUTHORIZATION OF APPRO-
15 PRIATIONS.—There is authorized to be appropriated to
16 carry out this section \$20,000,000 for each of fiscal years
17 2022 through 2024.