



Butcher Block Act – Summary

Sponsored by: Reps. Dusty Johnson and Abigail Spanberger

Background: Consecutive black swan events that have disrupted the beef processing chain have highlighted the importance of processing capacity to producers and consumers. According to a recent Rabobank report, an additional daily packing capacity of 5,000 to 6,000 head of fed cattle could restore the historical balance of fed cattle supplies and packing capacity. There are critical roadblocks to new and expanding market entrants. In addition to industry supply chain connections, labor availability and regulatory hurdles, industry sources estimate that a new plant cost \$100-\$120 million for every 1,000 head of daily capacity. While there have been recent announcements of new and expanding capacity, more tools are needed to expedite this processing expansion.

As highlighted in USDA's Boxed Beef and Fed Cattle Price Spread Investigation Report and Rabobanks report "The Case for Capacity, the bill makes efforts to:

- ***Expedite the rebalancing of the cattle and beef market***
- ***Ease regulatory barriers to entry by providing grants to processors looking to expand***
- ***Provides USDA backed financing for scalable plants that can rapidly expand shackle space***
- ***Creates small and regional processor and cooperative opportunities for producer investment in processing***

What the bill does:

Assistance for new and expanded livestock or meat processors: Establishes a stand-alone direct and guarantee loan program at USDA Rural Development for new and expanding meat processors capacity to improve marketing options for livestock producers, further competitive markets and facilitate value-added opportunity for livestock producers. It also allows for financing of cooperative stock in producer-owned processing facilities and refinancing for expanded processing capacity.

New and Expanding Livestock or Meat Processing Grants: Authorizes the Secretary of Agriculture to establish a Rural Development grant program to award grants to governmental entities, public, private, or cooperative organization organized on a for-profit or nonprofit basis, or an Indian tribe. Grants will be used to identify and analyzes business opportunities, including feasibility studies as required for creditworthiness; identify, train, and provide technical assistance to existing or prospective rural entrepreneurs and managers or processing facilities; provide technical assistance to gain compliance with Federal, State, or local regulations; conducts regional, community, and local economic development planning and coordination; or establish a center for training, technology, and trade that will provide training to livestock or meat processing employees.

The Butcher Block is supported by: American Farm Bureau Federation, National Cattlemen's Beef Association and U.S. Cattlemen's Association.

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