

# HOUSE BILL REPORT

## HB 2102

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**As Reported by House Committee On:**  
Agriculture & Natural Resources

**Title:** An act relating to creating a mobile custom farm slaughtering unit loan program.

**Brief Description:** Creating a mobile custom farm slaughtering unit loan program.

**Sponsors:** Representatives Morrell, Smith, Dammeier, Newhouse, Blake, Rolfes, Moeller, Dunshee, Van De Wege, Haigh and Warnick.

**Brief History:**

**Committee Activity:**

Agriculture & Natural Resources: 2/17/09, 2/20/09 [DPS].

**Brief Summary of Substitute Bill**

- Creates an account to fund loans by the Washington State Department of Agriculture that allows local governments to purchase mobile slaughter units or upgrade existing fixed slaughtering facilities.

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### HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Blake, Chair; Jacks, Vice Chair; Chandler, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kretz, Liias, McCoy, Nelson, Ormsby, Pearson, Van De Wege and Warnick.

**Staff:** Jason Callahan (786-7117)

**Background:**

Meat Slaughter.

Livestock can lawfully be slaughtered under one of two authorities. The facility conducting the slaughtering can either be inspected by the U.S. Department of Agriculture (USDA) or operate exempt from inspection by the USDA by being licensed as a custom slaughter facility. All custom slaughter facilities must be licensed by the Washington State Department of Agriculture (WSDA).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Meat from animals that were slaughtered in a facility inspected by the USDA may be sold for a profit. The facility owner is paid for the provision of the processed meat to either a wholesale or retail consumer. There are 11 slaughtering facilities inspected by the USDA in Washington.

Custom slaughter facilities may not sell the meat from the animals processed in the facility. Instead, custom slaughter facility owners slaughter animals for end use by the owner of the animal. The facility owner is paid by the owner of the animal to slaughter the animal and prepare the meat. The meat may not be sold either wholesale or retail.

#### State Grants.

The WSDA has in the past provided grants to promote small-scale meat processing and meat marketing. The WSDA provided a total of \$114,500 in grants from 2002 until 2007 to seven recipients. The grants were funded from a combination of pass-through funds from the USDA and state-based market promotion grants. Funding for these grants is no longer available.

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#### **Summary of Substitute Bill:**

The Local Agricultural Slaughtering Stimulus Outlay Account (LASSO Account) is created. Money in the LASSO Account may be used by the Director of the WSDA to provide loans to eligible public applicants for either the purchase of mobile devices designed to slaughter livestock or for the expansion of capacity and refurbishment of fixed slaughter facilities. The slaughtering facilities that result from loans from the LASSO Account must be capable of producing meat that is inspected by the USDA.

Any political subdivision of the state is eligible to apply for a loan from the LASSO Account. These include cities, counties, conservation districts, special purpose districts, and other municipal corporations.

Loan repayment terms and conditions are to be negotiated by the WSDA and the recipient of the funds. Loan payments must be redeposited into the LASSO Account. However, the WSDA may retain up to 3 percent of the loan repayments to reimburse administrative expenses.

#### **Substitute Bill Compared to Original Bill:**

The original bill:

- had a different name for the new account;
- limited the use of the account to mobile slaughter units processing custom meat;
- required all loans from the account to be conditioned with requirements that at least 5 percent of the meat processed each year by the slaughtering unit be donated to an area food bank;
- required a prioritization process if loan applications exceeded available funding;

- specifically allowed the Director of the WSDA to defer payments for up to 24 months and suspend or cancel loans under certain conditions; and
  - required annual reports to the Legislature.
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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The USDA has enough inspectors for Washington meat producers, but Washington does not have enough facilities to meet the demand for slaughter. The state needs to help provide the tools to satisfy the need and help build the infrastructure that will allow Washington consumers have easy access to locally raised meat. Past funding to help increase the availability of local meat has been cut in recent years.

The bill builds upon past successes in supporting the livestock industry. Pierce County operates a mobile slaughter unit that has been very successful. The slaughter units are made in Washington and provide Washington jobs.

(With concerns) A loan program is only one piece of the puzzle in helping to increase the availability of inspected slaughter facilities. It should be questioned if this is the best way to increase slaughter opportunities, or if the money could be spent in a different way to have an even more significant benefit. A mobile unit is a nice addition to the landscape, but traditional stationary slaughter facilities also need support and encouragement. There should be a study conducted to ensure that the mobile units do not unfairly compete with the traditional facilities.

The benefits of a mobile unit inspected by the USDA are not as useful to the state as a fixed facility that is inspected by the WSDA. State inspections would increase the availability of Washington-raised meat for local consumers and provide greater certainty to the consumers that the meat is safe and is adequately inspected.

(Information only) In the past, the WSDA has been successful managing grants for meat producers and marketers. However, the WSDA does not have the institutional infrastructure to manage a loan program without contracting the service to a bank or other financial institution.

(Opposed) None.

**Persons Testifying:** (In support) Representative Morrell, prime sponsor; and Cheryl Oullette, Puget Sound Meat Producers Association.

(With concerns) Ed Gross, Spokane County Cattlemen; L.D. Green; and Sharon Ness, United Food and Commercial Workers.

(Information only) Mary Beth Lang, Department of Agriculture.

**Persons Signed In To Testify But Not Testifying:** None.