

# SENATE BILL REPORT

## SB 5004

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As Reported by Senate Committee On:  
Agriculture & Rural Economic Development, February 24, 2009

**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:** Senators Jacobsen, Swecker, Ranker and Roach.

**Brief History:**

**Committee Activity:** Agriculture & Rural Economic Development: 1/19/09, 2/24/09 [DPS].

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### SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

**Majority Report:** That Substitute Senate Bill No. 5004 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hatfield, Chair; Ranker, Vice Chair; Schoesler, Ranking Minority Member; Becker, Haugen, Jacobsen, Morton and Shin.

**Staff:** Sam Thompson (786-7413)

**Background:** To be sold in groceries and restaurants, meat must be harvested from animals slaughtered at U.S. Department of Agriculture (USDA)-regulated facilities.

In recent years, several USDA-regulated livestock slaughtering facilities in Washington have closed, impeding local meat production. Mobile slaughtering units – transportable structures that can travel to farms, and are accompanied by a USDA inspector – have been suggested as a possible solution to this problem. Three mobile slaughtering units are currently operating in Washington, based in Island, Stevens, and Walla Walla counties. The Pierce County Conservation District recently authorized funding for another mobile slaughtering unit, which will be operated by a nonprofit cooperative serving meat producers in Pierce, King, Kitsap, Mason, Thurston, and Lewis counties.

The Rural Washington Loan Fund (RWLF) is a federally-funded loan program administered by the Department of Community, Trade and Economic Development (CTED). To receive a loan, a project must create employment opportunities, maintain threatened employment or

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develop or expand business ownership by minorities and women; conform with federal rules and regulations governing spending of federal community block grants; be of public benefit and for a public purpose; probably be successful; and need the loan to be completed. Except those made to women and minority-owned businesses, 80 percent of appropriated funds are available for projects in distressed areas.

**Summary of Bill (Recommended Substitute):** CTED must consider applications for RWLF funding for rural economic development projects, including proposals to fund mobile slaughtering units and local slaughtering and meat processing facilities that operate in compliance with the federal meat inspection act (i.e., USDA-inspected units and facilities).

**EFFECT OF CHANGES MADE BY AGRICULTURE & RURAL ECONOMIC DEVELOPMENT COMMITTEE (Recommended Substitute):** Provisions are deleted that would have established a mobile custom farm slaughtering unit loan program, administered by the Washington State Department of Agriculture, under which conservation districts and other local governments could apply for and receive loans from the state to purchase mobile custom farm slaughtering units for lease to livestock producers.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: This bill benefits many small operators, who must otherwise transport their cattle long distances to USDA-inspected slaughter facilities. Demand for local meat is high. USDA-inspected meat can be sold for a much higher price than other meat. The bill should be revised in several ways including specifying that USDA-inspected units, rather than custom units, are funded; that a recipient may be a non-profit entity; that meat processing facilities are eligible for funding for upgrading to USDA standards; and that grants, rather than loans, are provided. The mobile slaughter unit recently funded by the Pierce Conservation District will create jobs, both in constructing the unit and later in operating it.

OTHER: WSDA provides technical and financial assistance to custom farm slaughter operators, and has provided grants to two of the USDA-inspected mobile slaughtering units operating in the state. Mobile unit design elements specified in the bill are not necessary for USDA-compliant units, and loan language based on energy freedom fund provisions are not germane.

**Persons Testifying:** PRO: Jack Field, Washington Cattlemen's Association; Cheryl Ouellette, Puget Sound Meat Producers Cooperative; Linda Neunzig, Snohomish County; Monty Mahan, Pierce Conservation District.

OTHER: Mary Beth Lang, Washington State Department of Agriculture.