



2024 South Dakota Legislature

Senate Bill 206

Introduced by: **Senator Stalzer**

1 **An Act to encourage sales of meat through the use of animal share agreements and**
 2 **the creation of a processor grant program.**

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 **Section 1. That § 39-5-6 be AMENDED:**

5 **39-5-6.** Terms used in this chapter mean:

- 6 (1) "Animal food manufacturer," any person engaged in the business of manufacturing
 7 or processing animal food derived wholly or in part from ~~carcasses, or parts of~~
 8 products of the carcasses, of a livestock carcass, or any part or product of the
 9 carcass;
- 10 (2) "Animal share," an ownership interest held in an animal by a consumer;
- 11 (3) "Capable for use as human food," any livestock carcass, or part or product of a the
 12 carcass of any livestock, unless it is ~~denatured or otherwise:~~
- 13 (a) Denatured or identified as required by rules promulgated pursuant to
 14 chapter 1-26 by the secretary to deter its use as human food, ~~or it is~~
 15 naturally; or
- 16 (b) Naturally inedible by humans;
- 17 ~~(3)~~(4) "Carcass," any part, including viscera, of any slaughtered livestock, that is capable
 18 of being used for human food;
- 19 ~~(4)~~(5) "Custom exempt plant," a ~~person engaged in~~ plant that provides custom
 20 slaughtering and preparation of meat food products for household use by the
 21 owner, ~~as provided in subdivision 39-5-11(2) for in § 39-5-11;~~
- 22 (5) ~~"Federal Meat Inspection Act," the act of Congress approved March 4, 1907, as~~
 23 ~~amended and extended to January 1, 1991 (21 U.S.C.) and the imported meat~~
 24 ~~provisions of subsections 620(b), (c) as amended to January 1, 1991;~~
- 25 (6) "Inedible products renderer," ~~any a~~ person engaged in the business of rendering
 26 livestock carcasses, or parts or products of the carcasses, ~~of livestock, except other~~

- 1 than rendering conducted under inspection or exemption ~~under~~ in accordance with
 2 this chapter;
- 3 (7) "Inspector," an employee or official of this state, authorized by the secretary to
 4 inspect livestock or carcasses, parts thereof, or meat food products, under this
 5 chapter;
- 6 (8) "Intrastate commerce," commerce wholly within this state;
- 7 (9) "Label," a display of written, printed, or graphic matter upon the immediate
 8 container ~~(not including package liners)~~ of any an article, other than a package
 9 liner;
- 10 (10) "Labeling," any label or other written, printed, or graphic matter, upon or
 11 accompanying any article or any of its containers or wrappers;
- 12 (11) "Livestock," cattle, bison, sheep, swine, goats, equine, ratites, captive cervidae as
 13 permitted under § 40-3-14, and any other species ~~as~~ requested by the owner and
 14 authorized by the secretary;
- 15 (12) "Livestock producer," ~~any natural a~~ person, partnership, or corporation ~~if over~~
 16 having more than fifty percent of ~~his or its~~ any annual income ~~is derived from the~~
 17 production of agricultural products and ~~on whose farm~~ having an agricultural
 18 operation on which the number of livestock is in keeping with the size of the ~~farm~~
 19 operation or the volume or character of the agricultural products produced ~~thereon~~;
- 20 (13) "Meat," the edible part of the muscle of cattle, bison, sheep, swine, goats, equine,
 21 ratites, captive cervidae, and any other species ~~as~~ requested by the owner and
 22 authorized by the secretary, which provided the edible part is skeletal or ~~which is~~
 23 found in the tongue, in the diaphragm, in the heart, or in the esophagus, with or
 24 without the accompanying and overlying fat, and the portions of bone, skin, sinew,
 25 nerve, and blood vessels, which normally accompany the muscle tissue and ~~which~~
 26 are not separated from it in the process of dressing. ~~It~~ The term does not include
 27 ~~the~~ muscle found in the lips, snout, or ears;
- 28 (14) "Meat broker," ~~any a~~ person engaged in the business of buying or selling livestock
 29 carcasses, parts thereof, or meat food products, on commission, or otherwise
 30 negotiating purchases or sales of ~~such those~~ articles other than for ~~his~~ the person's
 31 own account or as an employee of another ~~person~~;
- 32 (15) "Meat by-product," any edible part other than meat, which has been derived from
 33 ~~one or more~~ cattle, bison, sheep, swine, goats, equine, ratites, captive cervidae,
 34 and or other species as requested by the owner and authorized by the secretary;

- 1 (16) "~~Meat food products~~ product," any product ~~capable of use that can be used~~ as
2 human food, and which is made wholly or in part from any meat or other portion
3 of the carcass of any cattle, bison, sheep, swine, goats, equine, ratites, captive
4 cervidae, ~~and or~~ other species as requested by the owner and authorized by the
5 secretary, ~~excepting products which contain~~. The term does not include any
6 product that:
- 7 (a) Contains meat, or other portions of ~~such carcasses only~~ a carcass, in only a
8 relatively small proportion ~~or historically have not been~~;
- 9 (b) Is not considered by consumers ~~as products to be a product~~ of the meat
10 food industry, ~~and which are exempted from definition~~; or
- 11 (c) Is not defined as a meat food product ~~by regulations in rules~~ promulgated
12 by the secretary pursuant to chapter 1-26, ~~under such conditions as the~~
13 ~~secretary may deem appropriate to effectuate the purposes of this chapter~~;
- 14 (17) "Meat processing establishment," an ~~official~~ establishment ~~as defined in this section~~
15 engaged in the preparation or processing of meat food products;
- 16 (18) "Official certificate," any certificate prescribed ~~by in~~ rules promulgated by the
17 secretary pursuant to chapter 1-26 ~~by the secretary~~, for issuance by an inspector
18 or other person performing official functions under this chapter;
- 19 (19) "Official establishment," any establishment ~~in this state as determined~~ identified
20 by the secretary, at which inspection of the slaughter of livestock or the preparation
21 of livestock carcasses or parts thereof, or meat products, is maintained under this
22 chapter;
- 23 (20) "Official inspection legend," any symbol, prescribed ~~by in~~ rules promulgated by the
24 secretary pursuant to chapter 1-26 ~~showing~~, to show that an article was inspected
25 and passed in accordance with this chapter;
- 26 (21) "Official mark," the official inspection legend or any other symbol prescribed ~~by in~~
27 rules promulgated by the secretary pursuant to chapter 1-26, to identify the status
28 of any article or animal under this chapter;
- 29 (22) "Prepared," slaughtered, canned, salted, rendered, boned, cut up, or otherwise
30 manufactured or processed;
- 31 (23) "~~Retail dealer~~," any person ~~engaged in selling carcasses, parts thereof, or meat~~
32 ~~food products of cattle, bison, sheep, swine, goats, equine, ratites, captive~~
33 ~~cervidae, and other species as requested by the owner and authorized by the~~
34 ~~secretary~~;

- 1 ~~(24)~~ "Retail store meat processor," a person engaged in the retail sale of food for human
 2 consumption, the retail sale of meat food products, and~~in~~ the processing or
 3 preparation of meat or meat by-products, for retail sale as meat food products;
 4 ~~(25)~~(24) "Secretary," executive secretary of the South Dakota Animal Industry Board,
 5 or any person authorized to act in his stead;
 6 ~~(26)~~(25) "Slaughtering establishment," an official establishment~~as defined in this~~
 7 section engaged in the slaughtering of livestock; and
 8 ~~(27)~~(26) "Veterinary inspector," an employee or official of this state, licensed to practice
 9 veterinary medicine in this state, and authorized by the secretary to inspect
 10 livestock or carcasses, parts thereof, or meat food products, under this chapter.

11 **Section 2. That § 39-5-11 be AMENDED:**

12 **39-5-11.** ~~The following meat and meat products to be used for human~~
 13 ~~consumption are exempt from the inspection and preparation provisions of this chapter~~
 14 ~~do not apply to:~~

- 15 (1) Any livestock producer ~~with respect to slaughter on his own farm of~~ who on the
 16 ~~producer's farm:~~
 17 (a) Slaughters livestock raised ~~by him on his own~~ that farm ~~and with respect to~~
 18 ~~the preparation by him on such farm of; and~~
 19 (b) Prepares the carcasses, parts thereof, and meat food products, ~~of such the~~
 20 ~~livestock, and with respect to such articles if~~ slaughtered in accordance with
 21 ~~this section;~~
 22 (2) Any carcasses, parts thereof, and meat food products of the livestock slaughtered
 23 ~~and prepared in accordance with this section, provided~~ the livestock producer does
 24 ~~not otherwise:~~
 25 (a) Otherwise engage in the business of slaughtering livestock or preparing
 26 livestock carcasses, parts thereof, or meat food products ~~and does not~~
 27 ~~engage;~~
 28 (b) Engage in the business of buying or selling livestock, other than ~~those that~~ that
 29 ~~raised on his own~~ the producer's farm, ~~or;~~
 30 (c) Engage in the business of buying or selling livestock carcasses, parts
 31 thereof, or meat food products, other than ~~those that~~ that produced from such
 32 livestock ~~and does not slaughter; or~~

1 (d) Slaughter or permit any other person to slaughter on ~~his~~ the producer's
 2 farm any livestock not owned by ~~him~~ the producer, except ~~under exemption~~
 3 ~~as provided for in subdivision (2)~~ as permitted in this section;

4 ~~(2)~~(3) Any person engaged in the custom slaughtering of livestock and the preparation of
 5 the carcasses, parts thereof, and meat food products, ~~only~~ with respect to the
 6 slaughter of livestock that was delivered by the owner ~~thereof~~ for custom slaughter,
 7 and the preparation of the carcasses, parts thereof, and meat food products of
 8 such that livestock ~~for use by such~~, provided the products are used only by:

9 (a) The owner ~~in his own~~ the owner's household ~~or by members~~;

10 (b) Members of ~~his~~ the owner's household ~~and nonpaying~~; or

11 (c) Nonpaying guests of the owner;

12 ~~(3)~~(4) Any person engaged in slaughtering livestock or preparing livestock carcasses,
 13 parts thereof, or meat food products, solely for intrastate commerce, ~~and the~~
 14 articles ~~so~~ nor to any products prepared by ~~such that~~ person, ~~whenever~~ if the
 15 secretary determines that:

16 (a) The application of ~~such~~ specific the provisions would be impracticable and
 17 an exemption ~~to this chapter will otherwise~~ from the provisions would aid
 18 in the effective administration of this chapter, ~~or that the~~; or

19 (b) An exemption is necessary to avoid a conflict with requirements under
 20 recognized religious dietary laws; or

21 ~~(4)~~(5) The slaughtering of livestock and the preparation of the carcasses, parts thereof,
 22 and meat food products, by or on behalf of a consumer who has entered into an
 23 animal share agreement with the producer, in accordance with section 3 of this
 24 Act.

25 The licensing, ~~inspection~~, adulteration, and misbranding provisions of this chapter
 26 do not apply to the slaughter of livestock or the preparation of livestock carcasses, parts
 27 thereof, or meat food products, by any person ~~for use in his own~~, provided the products
 28 are used only by the person in the person's household ~~or~~, by members of ~~his~~ the person's
 29 household ~~and~~, or by nonpaying guests.

30 **Section 3. That chapter 39-5 be amended with a NEW SECTION:**

31 A consumer may enter into an animal share agreement with a producer provided
 32 the agreement:

33 (1) Identifies the consumer's ownership interest in a particular animal and includes a
 34 copy of the bill of sale;

- 1 (2) Identifies the location at which the animal will be raised, cared for, and processed
2 by the producer;
- 3 (3) Includes a statement indicating that, after processing of the animal, the consumer
4 is entitled to receive a stated share of meat from the animal;
- 5 (4) Requires the producer to place, on the packaging of any meat delivered under the
6 agreement, a label indicating that the meat has not been inspected;
- 7 (5) Requires the producer to include, with any meat delivered under the agreement, a
8 description of the standards used to maintain herd health; and
- 9 (6) Specifies that the consumer may not sell, donate, or commercially redistribute any
10 meat delivered under this agreement.

11 **Section 4. That chapter 39-5 be amended with a NEW SECTION:**

12 The independent processor assistance program is hereby created to:

- 13 (1) Address disruptions in the meat supply chain;
- 14 (2) Increase livestock slaughter and meat processing capacity;
- 15 (3) Expand market access for smaller producers; and
- 16 (4) Facilitate workforce development.

17 The secretary shall administer the program and award grants under the program,
18 in accordance with sections 5 and 6 of this Act.

19 **Section 5. That chapter 39-5 be amended with a NEW SECTION:**

20 In order to be eligible for a grant under the independent processor assistance
21 program, a processor must:

- 22 (1) Operate in this state as:
- 23 (a) A federally inspected plant;
- 24 (b) A state-inspected plant; or
- 25 (c) A custom exempt plant;
- 26 (2) Have less than two million five hundred thousand dollars in annual sales;
- 27 (3) Have fewer than twenty-five full-time equivalent employees; and
- 28 (4) Demonstrate that the grant is to be used to provide:
- 29 (a) Capital improvements necessary for expanding capacity;
- 30 (b) Utility upgrades;
- 31 (c) Improved livestock handling facilities or storage facilities;
- 32 (d) Processing and manufacturing equipment;
- 33 (e) Packaging and handling equipment;

- 1 (f) Warehouse equipment;
2 (g) Waste treatment and management equipment;
3 (h) Technology equipment;
4 (i) Resources for the rental of buildings, facilities, or equipment;
5 (j) Assistance with the costs of inspection; or
6 (k) Educational and workforce training.

7 **Section 6. That chapter 39-5 be amended with a NEW SECTION:**

8 The secretary shall promulgate rules, in accordance with chapter 1-26, to:

- 9 (1) Implement an application process for grants under the independent processor
10 assistance program;
11 (2) Establish criteria for reviewing and evaluating each application;
12 (3) Establish criteria for determining the amount of grant funds awardable to an eligible
13 applicant; and
14 (4) Establish and implement a process for verifying the processor's expenditure of
15 grant funds awarded under the program.

16 **Section 7. That chapter 39-5 be amended with a NEW SECTION:**

17 On or before September first of each year, the secretary shall compile a report
18 pertaining to the grants awarded under the independent processor assistance program
19 during the most recent fiscal year. The report must:

- 20 (1) Identify each recipient;
21 (2) Indicate the amount awarded and the date of the award;
22 (3) State the purpose for which the funds were awarded; and
23 (4) Include the secretary's findings regarding each grant recipient's use of the funds.

24 The secretary shall file the report with the Legislative Research Council.