

118TH CONGRESS  
1ST SESSION

# H. R. 559

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

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 2023

Mr. JOHNSON of South Dakota (for himself, Ms. SPANBERGER, Mr. BAIRD, Mr. GOTTHEIMER, Mr. FEENSTRA, Ms. WEXTON, and Mr. CUELLAR) introduced the following bill; which was referred to the Committee on Agriculture

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## 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) increasing capacity of livestock and poultry  
2 processing, facilitating economic opportunity for live-  
3 stock and poultry producers through processing ac-  
4 tivities, and diversifying processing ownership;

5           (2) increasing the customer base or revenue re-  
6 turns of livestock and poultry producers through in-  
7 vestment in processing capacity;

8           (3) improving, developing, or financing livestock  
9 and poultry processing capacity or employment in-  
10 cluding through the financing of working capital; or

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

15 (b) ELIGIBILITY; GENERAL LIMITATIONS.—

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

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

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

25                   (C) an individual.

## 1 (2) FACILITY LOCATION.—

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

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

12 (i) the primary use of the loan in-  
13 volved is for the facility, and the facility  
14 will increase the customer base or revenue  
15 returns of livestock and poultry producers  
16 that are located within 300 miles of the fa-  
17 cility;

18 (ii) the loan involved will be used to  
19 increase the capacity in livestock and poul-  
20 try processing in a region; and

21 (iii) the principal amount of the loan  
22 involved does not exceed \$50,000,000.

23 (C) RURAL AREA DEFINED.—In this para-  
24 graph, the term “rural area” has the meaning  
25 given the term in section 343(a)(13) of the

1 Consolidated Farm and Rural Development Act  
2 (7 U.S.C. 1991(a)(13)).

3 (3) LIMITATIONS.—

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

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

12 (i) a foreign entity; or

13 (ii) an entity that currently processes  
14 over 5 percent of the daily harvest of any  
15 species.

16 (c) SPECIAL RULES APPLICABLE WITH RESPECT TO  
17 COOPERATIVES.—

18 (1) LIMITATION ON AMOUNT OF LOAN IN-  
19 VOLVED.—

20 (A) IN GENERAL.—Notwithstanding sub-  
21 section (b)(3), a loan of not more than  
22 \$100,000,000 may be made or guaranteed for  
23 a cooperative organization under this section.

24 (B) CONDITIONS APPLICABLE IF LOAN IN-  
25 VOLVED IS FOR MORE THAN \$50,000,000.—A

1 loan of more than \$50,000,000 may not be  
2 made or guaranteed for a cooperative organiza-  
3 tion under this section unless the loan is used  
4 to carry out a project that significantly in-  
5 creases the livestock and poultry processing in  
6 a region, where insufficient processing capacity  
7 exists, as determined by the Secretary.

8 (2) INTANGIBLE ASSETS.—

9 (A) IN GENERAL.—In determining whether  
10 a cooperative organization is eligible for a loan  
11 or guarantee under this section, the Secretary  
12 may consider the market value of a properly ap-  
13 praised brand name, patent, or trademark of  
14 the cooperative.

15 (B) ACCOUNTS RECEIVABLE.—In the sole  
16 discretion of the Secretary, if the Secretary de-  
17 termines that the action would not create or  
18 otherwise contribute to an unreasonable risk of  
19 default or loss to the Federal Government, the  
20 Secretary may take accounts receivable as secu-  
21 rity for the obligations entered into in connec-  
22 tion with a loan made or guaranteed under this  
23 section, and a borrower may use accounts re-  
24 ceivable as collateral to secure such a loan.

25 (3) PURCHASE OF COOPERATIVE STOCK.—

1           (A) IN GENERAL.—The Secretary may  
2           make or guarantee a loan in accordance with  
3           this section to an individual farmer or rancher  
4           for the purpose of purchasing capital stock of  
5           a farmer or rancher cooperative undertaking an  
6           eligible project under this section.

7           (B) PROCESSING CONTRACTS DURING INI-  
8           TIAL PERIOD.—A cooperative described in sub-  
9           paragraph (A) with respect to which a farmer  
10          or rancher receives a guarantee to purchase  
11          stock under subparagraph (A) may contract for  
12          services to fulfill any eligible purpose under this  
13          section, during the 5-year period beginning on  
14          the date the cooperative commences operations,  
15          in order to provide adequate time for the plan-  
16          ning and construction of the processing facility  
17          of the cooperative.

18          (C) FINANCIAL INFORMATION.—A farmer  
19          or rancher from whom the Secretary requires fi-  
20          nancial information as a condition of making or  
21          guaranteeing a loan under subparagraph (A)  
22          shall provide the information in the manner  
23          generally required by commercial agricultural  
24          lenders in the geographical area in which the  
25          farmer or rancher is located.

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

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

8 (2) the borrower has not defaulted on any pay-  
9 ment required to be made with respect to the loan  
10 to be refinanced;

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

13 (4) there is adequate security or full collateral  
14 for the loan to be refinanced.

15 (e) LOAN APPRAISAL.—The Secretary may require  
16 that any appraisal made in connection with a loan made  
17 or guaranteed under this section be conducted by a spe-  
18 cialized appraiser that uses standards that are similar to  
19 standards used for similar purposes in the private sector,  
20 as determined by the Secretary.

21 (f) PREFERENCE.—In making or guaranteeing a loan  
22 under this section, the Secretary shall give a preference  
23 to applicants that have experience in livestock and poultry  
24 processing and can quickly scale-up to increase overall  
25 processing capacity in the region involved.

1 (g) LIMITATIONS ON AUTHORIZATION OF APPRO-  
2 PRIATIONS.—There is authorized to be appropriated to  
3 carry out this section \$100,000,000 for each of fiscal  
4 years 2024 through 2026.

5 **SEC. 3. NEW AND EXPANDING LIVESTOCK OR MEAT PROC-**  
6 **ESSING GRANTS.**

7 (a) IN GENERAL.—The Secretary of Agriculture may  
8 make grants to—

9 (1) expand, diversify, and increase capacity in  
10 livestock or poultry processing activities;

11 (2) improve compliance with livestock and poul-  
12 try processing statutes (including the regulations  
13 issued thereunder), such as the Federal Meat In-  
14 spection Act (21 U.S.C. 601 et seq.) and the Poultry  
15 Products Inspection Act (21 U.S.C. 451 et seq.);

16 (3) identify and reduce barriers to entry for  
17 new livestock and poultry processors; or

18 (4) update, expand, or otherwise improve exist-  
19 ing facilities.

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

22 (1) a governmental entity;

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

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

4           (c) USE OF FUNDS.—An entity to which a grant is  
5           made under this section may use the grant funds to estab-  
6           lish or support new or expanded livestock or poultry proc-  
7           essing activity, or other activity which will increase the  
8           customer base or revenue returns of livestock and poultry  
9           producers, by undertaking a project that—

10           (1) identifies and analyzes business opportuni-  
11           ties, including feasibility studies as required for  
12           creditworthiness;

13           (2) identifies, trains, and provides technical as-  
14           sistance to existing or prospective rural entre-  
15           preneurs and managers or processing facilities;

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

18           (4) conducts regional, community, and local  
19           economic development planning and coordination,  
20           and leadership development; or

21           (5) establishes a center for training, technology,  
22           and trade that will provide training to livestock or  
23           poultry processing employees.

24           (d) PREFERENCE.—In awarding grants under this  
25           section, the Secretary shall give a preference to applicants

1 that have experience in livestock and poultry processing  
2 and can quickly scale-up to increase overall processing ca-  
3 pacity in the region involved.

4 (e) LIMITATIONS ON AUTHORIZATION OF APPRO-  
5 PRIATIONS.—There is authorized to be appropriated to  
6 carry out this section \$20,000,000 for each of fiscal years  
7 2024 through 2026.

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