

BILL ANALYSIS

Senate Research Center

S.B. 691
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Water, Agriculture & Rural Affairs
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The COVID-19 public health emergency exposed our dependence on a global supply chain that could not meet consumer demand. Overnight, mass culling and labor shortages impacted the meat industry, leaving barren grocery stores across the nation.

Now we face unprecedented inflation rates coupled with an unrecovered supply chain creating ever-increasing meat prices and limited inventory. Both small-scale ranchers and consumers have felt the side effects of limited resources.

Texas Health and Safety Code, Section 433.006, currently permits an exemption for personal use. The purpose of this bill is to phase in new standards for meat purchasing and consumption in Texas that align with USDA guidelines already in practice. FSIS USDA allows for custom exemptions, bypassing state inspection, for all meat being processed for livestock co-owners. The bill authorizes consumers in Texas to enter into an animal share, functioning as co-owners of livestock. This approach has already been implemented by other states.

The bill aims to bridge the access gap for both ranchers and consumers, allowing a farmer or rancher to provide meat to underserved or unserved populations, especially in rural areas of Texas. Custom slaughterhouses, which process meat directly for livestock owners to consume, are more accessible to ranchers in terms of location and cost. Allowing a small-scale rancher to presell their livestock in shares, creating multiple owners, keeps the Texas meat industry thriving and satisfies the growing demands of food insecurity.

S.B. 691 is a similar framework to an existing animal share program that is in operation in Colorado, Nebraska, and Wyoming. All three states have not lost state inspection capabilities. USDA has told Colorado Department of Agriculture that animal shares are in compliance so long as they are processed in either a USDA-inspected facility or a Colorado Department of Agriculture licensed custom exempt meat processor.

Changes in Committee Substitute

- Changes language to specify a single, identified animal.
- Changes language from "consumer" to "co-owner."
- Requires a "not for sale" label to be affixed to the packaging or the words "not for sale" to be added to the present label.
- Changes language to state that the bill does not change applicable federal statutes and regulations and that Texas is compliant with all federal inspection regulations.

S.B. 691 amends current law relating to an animal share exemption for certain meat and meat food products and provides a civil penalty.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 433, Health and Safety Code, by adding Section 433.0065, as follows:

Sec. 433.0065. ANIMAL SHARE EXEMPTION; CIVIL PENALTY. (a) Defines "animal share."

(b) Requires that an animal share executed by a co-owner and a farmer or rancher under this section include:

(1) a bill of sale the farmer or rancher provides to the co-owner conveying an ownership interest in the livestock;

(2) a provision authorizing the farmer or rancher to board the livestock and arrange preparation of the livestock as meat and meat food products for the co-owner; and

(3) a provision entitling the co-owner to a share of meat and meat food products derived from the livestock.

(c) Provides that the provisions of Chapter 433 (Texas Meat and Poultry Inspection Act) requiring inspection of livestock before slaughter and inspection of the preparation of meat and meat food products do not apply to the slaughter of livestock and preparation of meat and meat food products if:

(1) ownership of the livestock under an animal share is established before the livestock is slaughtered and the meat and meat food products are prepared;

(2) the meat and meat food products are:

(A) prepared from livestock subject to an animal share and delivered to the establishment preparing the products by the farmer or rancher boarding the livestock; and

(B) following preparation, delivered directly to the co-owner;

(3) on delivery of the meat or meat food products to the co-owner, the establishment provides to the co-owner notice that the Department of State Health Services (DSHS) has not inspected the meat or meat food products in:

(A) a separate written statement that prominently displays the warning; or

(B) a warning statement prominently displayed on a label affixed to the meat or meat food product packaging;

(4) the label affixed to the meat or meat food product clearly and conspicuously states "Not for Sale"; and

(5) the farmer or rancher provides to the co-owner information describing the standards the farmer or rancher followed in maintaining livestock health and preparing the meat and meat food products derived from the livestock.

(d) Prohibits a person from selling, donating, or commercially redistributing meat or meat food products produced in accordance with this section. Provides that a

person who violates this subsection is liable to this state for a civil penalty in the amount of \$10,000 for each violation. Authorizes the attorney general to bring an action to recover a civil penalty authorized under this subsection and to recover reasonable expenses incurred in obtaining the civil penalty, including court costs, attorney's fees, investigative costs, witness fees, and deposition expenses.

(e) Prohibits a farmer or rancher from publishing a statement that implies DSHS approval or endorsement regarding meat or meat food products delivered pursuant to an animal share.

(f) Provides that the adulteration and misbranding provisions of this chapter, other than the requirement of an inspection legend, apply to meat or meat food products prepared by a processing establishment under this section.

(g) Provides that this section does not authorize the preparation of meat or meat food products in violation of the Federal Meat Inspection Act (21 U.S.C. Section 601 et seq.).

SECTION 2. Amends Section 433.024(b), Health and Safety Code, as follows:

(b) Provides that this subsection does not nullify the provisions in Section 433.006 (Exemption for Personal Use or Donation to Nonprofit Food Bank) relating to exemptions or Section 433.0065 relating to an animal share exemption.

SECTION 3. Effective date: September 1, 2023.