

BILL ANALYSIS

S.B. 691
By: Kolkhorst
Public Health
Committee Report (Unamended)

BACKGROUND AND PURPOSE

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. 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. Current law provides for an exemption from inspection requirements for livestock if the livestock is exclusively for personal use by the owner. Livestock owners can process their meat in a custom-exempt slaughterhouse that meets safety standards provided by federal and Texas law. Custom slaughterhouses are licensed and inspected by the Texas Department of State Health Services and must always meet federal safety standards. However, they are not Hazard Analysis and Critical Control Points approved and do not have an inspector on-site during processing. S.B. 691 seeks to provide new standards for meat purchasing and consumption in Texas that align with the U.S. Department of Agriculture (USDA) guidelines already in practice. The USDA Food Safety and Inspection Service allows for custom exemptions for all meat being processed solely for the livestock's owner. The USDA currently does not limit the number of co-owners of an animal share. The bill aims to bridge the food and retail access gap for both ranchers and consumers. 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 pre-sell their livestock in shares, creating multiple owners, keeps the Texas meat industry thriving and meets the growing demands of food insecurity.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 691 amends the Health and Safety Code to establish an exemption for the slaughter of livestock under the ownership of an animal share and the preparation of meat and meat food products prepared from livestock subject to an animal share from the applicability of the provisions of the Texas Meat and Poultry Inspection Act that require the inspection of livestock before slaughter and the inspection of the preparation of meat and meat food products, provided certain conditions are met. The bill defines "animal share" as an ownership interest in one or more identified livestock animals created by a contract between a farmer or rancher who owns the livestock and a prospective co-owner of the livestock. An animal share executed by a co-owner and a farmer or rancher must include the following:

- a bill of sale the farmer or rancher provides to the co-owner conveying an ownership interest in the livestock;
- 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
- a provision entitling the co-owner to a share of meat and meat food products derived from the livestock.

The bill sets out the following conditions under which the exemption is applicable:

- ownership of the livestock under an animal share is established before the livestock is slaughtered and the meat and meat food products are prepared;
- the meat and meat food products are:
 - 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
 - following preparation, delivered directly to the co-owner;
 - 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 separate written statement that prominently displays the warning or a warning statement prominently displayed on a label affixed to the meat or meat food product packaging;
- the label affixed to the meat or meat food product clearly and conspicuously states "Not for Sale"; and
- 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.

S.B. 691 prohibits a person from selling, donating, or commercially redistributing meat or meat food products produced in accordance with the bill's provisions for animal shares. The bill establishes the following:

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

S.B. 691 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. The bill makes provisions of the Texas Meat and Poultry Inspection Act relating to adulteration and misbranding, other than the requirement of an inspection legend, applicable to meat or meat food products prepared by a processing establishment under the bill's provisions. The bill expressly does not authorize the preparation of meat or meat food products in violation of the Federal Meat Inspection Act.

S.B. 691 establishes that the requirement under the Texas Meat and Poultry Inspection Act for DSHS to inspect each slaughtering establishment whose primary business is the selling of livestock to be slaughtered by the purchaser on premises owned or operated by the seller does not nullify the bill's provisions relating to an animal share exemption.

EFFECTIVE DATE

September 1, 2023.