



# State of New Hampshire

GENERAL COURT

CONCORD

## MEMORANDUM

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**DATE:** November 1, 2021

**TO:** Honorable Sherman Packard, Speaker of the House  
Honorable Chuck Morse, President of the Senate  
Honorable Paul C. Smith, House Clerk  
Honorable Tammy L. Wright, Senate Clerk  
Honorable Chris Sununu, Governor  
Michael York, State Librarian

**FROM:** Representative Howard Pearl, Chairman

**SUBJECT:** Final Report of the Committee to Study the Shortage of Animal Slaughter Facilities in New Hampshire and the Implementation of the Meat Inspection Program.  
HB 437, Chapter 43:1, Laws of 2021

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Pursuant to HB 437, Chapter 43:1, Laws of 2021, enclosed please find the Final Report of the Committee to Study the Shortage of Animal Slaughter Facilities in New Hampshire and the Implementation of the Meat Inspection Program.

If you have any questions or comments regarding this report, please do not hesitate to contact me.

I would like to thank those members of the committee who were instrumental in this study. I would also like to acknowledge all those who testified before the committee and assisted the committee in our study.

Enclosures

cc: Members of the Committee

## FINAL REPORT

### COMMITTEE TO STUDY THE SHORTAGE OF ANIMAL SLAUGHTER FACILITIES IN NEW HAMPSHIRE AND THE IMPLEMENTATION OF THE MEAT INSPECTION PROGRAM

HB 437, Chapter 43:1, Laws of 2021

November 1, 2020

Representative Howard Pearl – Chair  
Representative Barbara Comtois – Clerk  
Representative Peter Bixby  
Senator James Gray

#### **Committee Charge and Study Purpose:**

The charge of the committee was to study the following issues:

- I. The barriers New Hampshire farmers face in accessing slaughter facilities.
- II. Possible approaches to improving availability of slaughter facilities.
- III. The implementation of the meat inspection program established in RSA 427:3.

#### **Process and Procedures:**

The committee organized on August 31, 2021 and elected Representative Howard Pearl as Chair. The Chair appointed Representative Barbara Comtois clerk.

The committee met five times throughout the study period.

#### **Findings:**

The committee heard testimony from a broad range of stakeholders in the field. When we began assessing the barriers to access to slaughter facilities, we soon determined that there are two types of slaughter that have distinct legal, processing, and market conditions: poultry slaughter and red meat slaughter. This report will treat each type separately.

#### Poultry Slaughter

In New Hampshire, poultry produced in numbers large enough to require USDA inspection consists mostly of chicken and turkeys. Turkey production is strongly seasonal. Duck, geese, and quail do not play a significant role in the industry.

There are no USDA inspected slaughter facilities in New Hampshire. There are two facilities in Vermont, one in Maine, and one in Rhode Island. Some New Hampshire farmers transport their birds as far as New Jersey for slaughter. Of the facilities in Vermont, one handles only the birds they grow themselves, and the other does a mix of their own birds and a limited number of birds on contract. In addition to the limit on total slaughter capacity, another problem with the small

number of available facilities is that if a farmer is not happy with the quality of work at a particular facility, there are not many competing options.

Small farms in New Hampshire have the option of using a USDA exemption that allows on-farm slaughter of up to 1000 birds, or an alternate exemption, which has stricter requirements, that allows slaughter of up to 20,000 birds. The birds may be sold only in intra-state commerce, and municipalities that do their own health inspections have the right to prohibit sale of these birds at farmers' markets and to restaurants within their jurisdiction.

There was an attempt to open a facility in Concord in 2014, but a combination of community opposition (even though a permit was granted) and higher than expected start-up cost led the investor to back out.

There are currently enough producers of pastured poultry to support the opening of a facility in the state, but as of yet, no investors have stepped forward to fund a venture.

If a facility is built, one potential problem is the availability of labor. This could be partially alleviated by robotic processing technology.

One possible approach that would require legislative action is to allow the NH Business Finance Authority to establish a loan guarantee program for agriculture and value-added processing.

### Red Meat Slaughter

In New Hampshire, beef cattle, swine, sheep, and goats are the principle red meat animals. There are also some bison, elk, and farm-raised deer.

By federal law, any red meat livestock that will be sold in commerce must be slaughtered and processed in a USDA licensed facility. The sale of the animal prior to slaughter in a custom slaughter facility allows some direct-to-consumer sales, but not many people want to buy a whole or half animal all at once. The meat from such a sale may not be resold.

At the time of this report, there are four USDA inspected slaughter facilities in New Hampshire. Customers are currently booking their slaughter dates as much as 18 or 24 months in advance. While the competition for fall slaughter dates is the strongest, slaughter dates are fully scheduled year-round.

Meat processing facilities (which break carcasses into particular cuts and make value added products like sausage and bacon) also need to be USDA inspected, but do not require continuous presence of an inspector. One inspection per shift is sufficient.

While the Covid-19 pandemic exacerbated the shortage of slaughter capacity, the problem existed before the pandemic created an increased demand for locally raised meat.

One significant contributing factor is a shortage of labor. One slaughterhouse owner reported that he is not able to run his plant at capacity because he has not been able to attract enough help. While lack of a training program in the state might have a small contributing effect on the

shortage, we heard that at least some slaughterhouses will provide in-house training to any willing hire. The training program in the Thompson School was discontinued several years ago, largely because there were not enough students to make the program sustainable. The Dean of the University of New Hampshire (UNH) College of Life Sciences and Agriculture (COLSA) testified that in order to set up a new program, there would need to be a prospect of at least 25 students enrolled in the program at any time. This would be more people than the New Hampshire industry would be able to absorb, but it is unlikely that a program would attract anywhere near that number of students.

We heard from a member of the building trades about an apprenticeship program that his industry has established. This might be a possible route for the meat processing industry, but this would be a choice that those businesses would have to make for themselves, rather than something requiring legislative action.

One area where Coop Extension might be able to have some impact is in programs aimed at youth, like 4-H, FFA, and Farm to School. Exposing young people to the possibility of meat processing as a career path could help reduce the labor shortage over the long run. Making immigrants aware of the career opportunities in this field might also be useful.

While slaughter capacity is a significant bottleneck, lack of post-slaughter processing capacity and lack of cold storage facilities are making the problem worse. When an animal is slaughtered, it needs to be held cold for a period of time prior to processing. Cold storage capacity is also limited by how fast carcasses move through processing into saleable cuts and value-added products.

#### State Meat Inspection Program.

A New Hampshire state meat inspection program was placed in law in 2011, but never became active because it did not receive any funding. Even if funded, that law would no longer be consistent with federal law. The committee evaluated whether it would make sense to re-establish an inspection program on the state level. It seems unlikely that any state program could be cost competitive with the federal program. The USDA fully funds the costs of regular time inspectors at all USDA licensed facilities. That is a cost the state would need to meet either through fees or general fund expenditure. The standards for facilities are still set at the federal level, and states need to prove that they can meet those standards before the USDA will approve a state program. The USDA funds fifty percent of the cost of state programs, but even if several more slaughter facilities opened in the state, it would be very hard to justify having an expensive state program when the services are available for free through the federal government. The USDA is legally required to have inspectors available for all plants when they are open. The primary advantage of state programs is that some businesses prefer to be regulated by a more local authority. New Hampshire is not in a fiscal position to provide that luxury.

#### **Recommendations:**

Many of the approaches to resolving the slaughter capacity problem are not amenable to legislative solutions. The labor shortage is largely the result of larger scale economic issues, rather than the lack of a specific training pathway. Slaughter and processing facilities are private

ventures, and the legislature cannot dictate that they be established. We did not learn of any state level regulatory restrictions that would create a disincentive for establishing new facilities or expanding existing ones.

UNH COLSA had indicated that they would be happy to provide agricultural economic expertise and include information on agricultural processing career paths through the youth programs they are involved with. They do not have the capacity to set up a formal training program.

The Commissioner indicated that his department would be supportive of groups of farmers and/or producers working together as co-operatives or food hubs to pool resources.

One area where the State may be able to provide assistance is in helping new ventures get over the initial capital funding barrier to setting up a facility. This would be relevant to slaughter facilities, processing facilities, and cold storage facilities.

The committee recommends legislation to make New Hampshire Business Finance Authority loan guarantees accessible to agricultural producers and processors, including those who are working together as co-operatives.

Respectfully Submitted,

Representative Howard Pearl, Chairman