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**SWINE AND DAIRY ASSISTANCE PROGRAM**

**SECTION 10.8.(a)** The General Assembly makes the following findings:

- (1) The impact of COVID-19 on the global supply chain has been widespread across industries, especially within our country's food supply chain.
- (2) Due to COVID-19, at least two swine integrators ended operations resulting in the loss of contracts and income for many family farmers. Dairy producers and processors in the State lost more than half of their market with COVID-19 related shutdowns of the school systems and food service industries, and these markets may never fully recover.
- (3) Significant numbers of swine farms have lost contracts, and dairies have been forced out of business due to the COVID-19 pandemic.
- (4) The continuous and future pressures on the food supply chain will remain an issue for North Carolina's number one industry, agriculture, as a result of COVID-19.
- (5) The most effective program for administration of financial assistance to the swine and dairy industries is a three-fold approach based on verifiable documentation from producers as specified in this section.

**SECTION 10.8.(b)** Allocation of Funds. – The funds appropriated in this act from the State Fiscal Recovery Fund to the Department of Agriculture and Consumer Services for emergency support of swine and dairy producers shall be allocated by the Department to provide financial assistance as specified in subsection (e) of this section to compensate eligible swine and dairy producers for losses incurred as a result of termination of contracts or ceased production due to the COVID-19 pandemic. These funds may only be used for purposes consistent with the rules implementing the Coronavirus State Fiscal Recovery Fund established under the American Rescue Plan Act. The Department may also use the funds allocated by this subsection for agricultural marketing as described in subsection (g) of this section.

**SECTION 10.8.(c)** Definitions. – The following definitions shall apply in this section:

- (1) Dairy producer. – A Grade A milk producer who can demonstrate to the satisfaction of the Department that the producer is or was in compliance with

1 federal Grade A milk regulations during the time period specified in  
2 sub-subdivision (2)a. of subsection (d) of this section.

3 (2) Department. – The Department of Agriculture and Consumer Services.

4 (3) Swine integrator. – A person, other than a grower, who provides 250 or more  
5 animals to a swine farm and who either has an ownership interest in the  
6 animals or otherwise establishes management and production standards for  
7 the permit holder for the maintenance, care, and raising of the animals. An  
8 ownership interest includes a right or option to purchase the animals.

9 (4) Swine producer. – A person who holds or held a permit for an animal waste  
10 management system under Part 1A of Article 21 of Chapter 143 of the General  
11 Statutes during the time period specified in sub-subdivision (1)a. of subsection  
12 (d) of this section.

13 **SECTION 10.8.(d)** Eligibility Requirements. – A swine or dairy producer must  
14 provide to the Department the following information in order to demonstrate the producer's  
15 eligibility for financial assistance pursuant to this section:

16 (1) For swine producers, all of the following:

17 a. A contract termination letter from a swine integrator or other  
18 documentation of contract termination between March 1, 2020, and  
19 June 30, 2022.

20 b. Proof that the swine operation is permitted by the State.

21 c. Any other information deemed appropriate by the Department.

22 (2) For dairy producers, all of the following:

23 a. Milk production records, showing ceased production during any time  
24 between March 1, 2020, and June 30, 2022.

25 b. Proof that the dairy operation was permitted as a Grade A milk  
26 producer by the Food and Drug Protection Division of the Department  
27 during the time that production was ceased as documented under  
28 sub-subdivision a. of this subdivision.

29 c. Any other information deemed appropriate by the Department.

30 **SECTION 10.8.(e)** Financial Assistance Procedures. – The Department shall award  
31 financial assistance based on the following procedures:

32 (1) The Department shall award a one-time financial assistance relief payment of  
33 thirty-one thousand five hundred dollars (\$31,500) to each eligible applicant.

34 (2) In addition to the financial assistance awarded under subdivision (1) of this  
35 subsection, the Department shall award either, but not both, of the following  
36 to a qualifying eligible applicant:

37 a. Financial assistance to be administered as follows:

38 1. A cost share for closure of swine lagoons for swine operations  
39 that will not secure a contract with another swine integrator and  
40 will cease swine production, or for closure of dairy waste  
41 structures associated with dairy operations that will cease milk  
42 production. These cost shares shall be limited to ninety percent  
43 (90%) of the lagoon closure cost, not to exceed one hundred  
44 thousand dollars (\$100,000) per operation.

45 2. If an applicant who receives a cost share pursuant to this  
46 sub-subdivision demonstrates a need for additional water  
47 supply for agricultural uses, then the applicant may request an  
48 additional cost share to convert the decommissioned lagoon to  
49 an agricultural water supply pond. These cost shares shall be  
50 limited to ninety percent (90%) of the actual cost, not to exceed  
51 thirty thousand dollars (\$30,000) per operation.

1           b.       Financial assistance to swine producers for a fixed dollar amount per  
2           head space for producers who are able to secure a production contract  
3           with another swine integrator but must invest in upgrades to existing  
4           barns or completely rebuild animal housing. The maximum award  
5           under this sub-subdivision for renovations shall be ten dollars (\$10.00)  
6           per head space for renovation to animal housing or twenty dollars  
7           (\$20.00) per head space for rebuilt animal housing, but no award under  
8           this sub-subdivision may exceed ninety percent (90%) of the actual  
9           cost of the renovation or construction. A swine producer shall produce  
10          documentation of a new contract or letter of intent with a swine  
11          integrator to establish eligibility for this financial assistance.

12          c.       The financial assistance provided under sub-subdivision b. of this  
13          subdivision is available to the purchaser of a swine operation, provided  
14          that the seller otherwise meets the eligibility requirements of this  
15          section on the date of the sale.

16          (3)       In determining the amount of financial assistance awarded to applicants  
17          pursuant to this section and in reviewing and approving funded activities, the  
18          Department shall comply with applicable federal rules and guidance  
19          governing the State Fiscal Recovery Fund. If the Department determines that  
20          a person who received financial assistance provided inaccurate information to  
21          the Department, then the recipient shall refund the entire amount of the  
22          financial assistance. If the recipient does not refund the appropriate amount,  
23          the North Carolina Department of Revenue shall utilize the provisions of  
24          G.S. 105-242 to collect the money from the recipient.

25          (4)       Applicants for financial assistance awarded pursuant to this subsection shall  
26          submit the eligibility documents required by subsection (d) of this section no  
27          later than June 30, 2023.

28          (5)       All swine or dairy producers who receive financial assistance pursuant to this  
29          section shall provide a signed affidavit, under penalty of perjury, certifying  
30          that each fact of the loss presented by the producer is accurate.

31          (6)       The Department may audit the financial and other records of each recipient of  
32          funds in order to ensure that the funds are used in accordance with the  
33          provisions of this program. The Department may require any documentation  
34          or proof it deems necessary to efficiently administer this program, including  
35          the ownership structure of each entity and the social security numbers of each  
36          applicant. The Department may require the submission of dated, signed, and  
37          continuous records.

38               **SECTION 10.8.(f) Administrative Costs.** – The Department may use up to three  
39          percent (3%) of the total funds allocated in this section for technical and administrative support.

40               **SECTION 10.8.(g) Agricultural Marketing.** – Funds allocated by this section may  
41          also be used for marketing of North Carolina agriculture with an emphasis on reinforcing  
42          nding to COVID-19 related shifts in demand and on patterns for North Carolina  
                agricultural products.