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**SEC. __. INTERSTATE SHIPMENT OF MEAT AND
POULTRY INSPECTED BY FEDERAL AND STATE
AGENCIES FOR CERTAIN SMALL
ESTABLISHMENTS.**

(a) Meat and Meat Products.—The Federal Meat Inspection Act (21 U.S.C. 601 et seq.) is amended by adding at the end the following:

**“TITLE V—INSPECTIONS BY FEDERAL AND STATE
AGENCIES**

**“SEC. 501. INTERSTATE SHIPMENT OF MEAT
INSPECTED BY FEDERAL AND STATE AGENCIES
FOR CERTAIN SMALL ESTABLISHMENTS.**

“(a) Definitions.—

“(1) APPROPRIATE STATE AGENCY.—The term ‘appropriate State agency’ means a State agency described in section 301(b).

“(2) DESIGNATED PERSONNEL.—The term ‘designated personnel’ means inspection personnel of a State agency that have undergone all necessary inspection training and certification to assist the Secretary in the administration and enforcement of this Act, including regulations.

“(3) ELIGIBLE ESTABLISHMENT.—The term ‘eligible establishment’ means an establishment that is in compliance with—

“(A) the State inspection program of the State in which the establishment is located; and

“(B) this Act.

“(4) MEAT ITEM.—The term ‘meat item’ means—

“(A) a portion of meat; and

“(B) a meat food product.

“(5) SELECTED ESTABLISHMENT.—The term ‘selected establishment’ means an eligible establishment that is selected by the Secretary, in coordination with the appropriate State agency of the State in which the eligible establishment is located, under subsection (b) to ship carcasses, portions of carcasses, and meat items in interstate commerce.

“(b) Authority of Secretary to Allow Shipments.—

“(1) IN GENERAL.—Subject to paragraph (2), the Secretary, in coordination with the appropriate State agency of the State in which an establishment is located, may

1 select the establishment to ship carcasses, portions of carcasses, and meat items in
2 interstate commerce, and place on each carcass, portion of a carcass, and meat item
3 shipped in interstate commerce a Federal mark, stamp, tag, or label of inspection, if
4 the establishment—

5 “(A) is an eligible establishment; and

6 “(B) is located in a State that has designated personnel to inspect the eligible
7 establishment.

8 “(2) PROHIBITED ESTABLISHMENTS.—In carrying out paragraph (1), the Secretary,
9 in coordination with an appropriate State agency, shall not select an establishment
10 that—

11 “(A) on average, employs more than 25 employees (including supervisory
12 and nonsupervisory employees), as defined by the Secretary;

13 “(B) as of the date of enactment of this section, ships in interstate commerce
14 carcasses, portions of carcasses, or meat items that are inspected by the
15 Secretary in accordance with this Act;

16 “(C)(i) is a Federal establishment;

17 “(ii) was a Federal establishment that was reorganized on a later date under
18 the same name or a different name or person by the person, firm, or corporation
19 that controlled the establishment as of the date of enactment of this section; or

20 “(iii) was a State establishment as of the date of enactment of this section
21 that—

22 “(I) as of the date of enactment of this section, employed more than 25
23 employees; and

24 “(II) was reorganized on a later date by the person, firm, or corporation
25 that controlled the establishment as of the date of enactment of this
26 section;

27 “(D) is in violation of this Act;

28 “(E) is located in a State that does not have a State inspection program; or

29 “(F) is the subject of a transition carried out in accordance with a procedure
30 developed by the Secretary under paragraph (3)(A).

31 “(3) ESTABLISHMENTS THAT EMPLOY MORE THAN 25 EMPLOYEES.—

32 “(A) DEVELOPMENT OF PROCEDURE.—The Secretary may develop a
33 procedure to transition to a Federal establishment any establishment under this
34 section that, on average, consistently employs more than 25 employees.

35 “(B) ELIGIBILITY OF CERTAIN ESTABLISHMENTS.—

36 “(i) IN GENERAL.—A State establishment that employs more than 25
37 employees but less than 35 employees as of the date of enactment of this
38 section may be selected as a selected establishment under this subsection.

39 “(ii) PROCEDURES.—A State establishment shall be subject to the

1 procedures established under subparagraph (A) beginning on the date that
2 is 3 years after the effective date described in subsection (j).

3 “(c) Reimbursement of State Costs.—

4 “(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall
5 reimburse a State for costs related to the inspection of selected establishments in the
6 State in accordance with Federal requirements in an amount of not less than 60
7 percent of eligible State costs.

8 “(2) MICROBIOLOGICAL VERIFICATION TESTING.—The Secretary may reimburse a
9 State for 100 percent of eligible State costs relating to the inspection of selected
10 establishments in the State, if the State provides additional microbiological
11 verification testing of the selected establishments, using standards under this Act,
12 that is in excess of the typical verification testing frequency of the Federal
13 Government with respect to Federal establishments.

14 “(d) Coordination Between Federal and State Agencies.—

15 “(1) IN GENERAL.—The Secretary shall designate an employee of the Federal
16 Government as State coordinator for each appropriate State agency—

17 “(A) to provide oversight and enforcement of this title; and

18 “(B) to oversee the training and inspection activities of designated personnel
19 of the State agency.

20 “(2) SUPERVISION.—A State coordinator shall be under the direct supervision of
21 the Secretary.

22 “(3) DUTIES OF STATE COORDINATOR.—

23 “(A) IN GENERAL.—A State coordinator shall visit selected establishments
24 with a frequency that is appropriate to ensure that selected establishments are
25 operating in a manner that is consistent with this Act (including regulations and
26 policies under this Act).

27 “(B) QUARTERLY REPORTS.—A State coordinator shall, on a quarterly basis,
28 submit to the Secretary a report that describes the status of each selected
29 establishment that is under the jurisdiction of the State coordinator with respect
30 to the level of compliance of each selected establishment with the requirements
31 of this Act.

32 “(C) IMMEDIATE NOTIFICATION REQUIREMENT.—If a State coordinator
33 determines that any selected establishment that is under the jurisdiction of the
34 State coordinator is in violation of any requirement of this Act, the State
35 coordinator shall—

36 “(i) immediately notify the Secretary of the violation; and

37 “(ii) deselect the selected establishment or suspend inspection at the
38 selected establishment.

39 “(4) PERFORMANCE EVALUATIONS.—Performance evaluations of State
40 coordinators designated under this subsection shall be conducted by the Secretary as

1 part of the Federal agency management control system.

2 “(e) Audits.—

3 “(1) PERIODIC AUDITS CONDUCTED BY INSPECTOR GENERAL OF THE DEPARTMENT
4 OF AGRICULTURE.—Not later than 2 years after the effective date described in
5 subsection (j), and not less often than every 2 years thereafter, the Inspector General
6 of the Department of Agriculture shall conduct an audit of each activity taken by the
7 Secretary under this section for the period covered by the audit to determine
8 compliance with this section.

9 “(2) AUDIT CONDUCTED BY COMPTROLLER GENERAL OF THE UNITED STATES.—Not
10 earlier than 3 years, nor later than 5 years, after the date of enactment of this section,
11 the Comptroller General of the United States shall conduct an audit of the
12 implementation of this section to determine—

13 “(A) the effectiveness of the implementation of this section; and

14 “(B) the number of selected establishments selected by the Secretary under
15 this section.

16 “(f) Inspection Training Division.—

17 “(1) ESTABLISHMENT.—Not later than 180 days after the effective date described
18 in subsection (j), the Secretary shall establish in the Food Safety and Inspection
19 Service of the Department of Agriculture an inspection training division to
20 coordinate the initiatives of any other appropriate agency of the Department of
21 Agriculture to provide—

22 “(A) outreach, education, and training to very small or certain small
23 establishments (as defined by the Secretary); and

24 “(B) grants to appropriate State agencies to provide outreach, technical
25 assistance, education, and training to very small or certain small establishments
26 (as defined by the Secretary).

27 “(2) PERSONNEL.—The inspection training division shall be comprised of
28 individuals that, as determined by the Secretary—

29 “(A) are of a quantity sufficient to carry out the duties of the inspection
30 training division; and

31 “(B) possess appropriate qualifications and expertise relating to the duties of
32 the inspection training division.

33 “(g) Transition Grants.—The Secretary may provide grants to appropriate State
34 agencies to assist the appropriate State agencies in helping establishments covered by title
35 III to transition to selected establishments.

36 “(h) Violations.—Any selected establishment that the Secretary determines to be in
37 violation of any requirement of this Act shall be transitioned to a Federal establishment in
38 accordance with a procedure developed by the Secretary under subsection (b)(3)(A).

39 “(i) Effect.—Nothing in this section limits the jurisdiction of the Secretary with respect
40 to the regulation of meat and meat products under this Act.

1 “(j) Effective Date.—

2 “(1) IN GENERAL.—This section takes effect on the date on which the Secretary,
3 after providing a period of public comment (including through the conduct of public
4 meetings or hearings), promulgates final regulations to carry out this section.

5 “(2) REQUIREMENT.—Not later than 18 months after the date of enactment of this
6 section, the Secretary shall promulgate final regulations in accordance with
7 paragraph (1).”.

8 (b) Poultry and Poultry Products.—The Poultry Products Inspection Act (21 U.S.C.
9 451 et seq.) is amended by adding at the end the following:

10 **“SEC. 31. INTERSTATE SHIPMENT OF POULTRY**
11 **INSPECTED BY FEDERAL AND STATE AGENCIES**
12 **FOR CERTAIN SMALL ESTABLISHMENTS.**

13 “(a) Definitions.—

14 “(1) APPROPRIATE STATE AGENCY.—The term ‘appropriate State agency’ means a
15 State agency described in section 5(a)(1).

16 “(2) DESIGNATED PERSONNEL.—The term ‘designated personnel’ means
17 inspection personnel of a State agency that have undergone all necessary inspection
18 training and certification to assist the Secretary in the administration and
19 enforcement of this Act, including regulations.

20 “(3) ELIGIBLE ESTABLISHMENT.—The term ‘eligible establishment’ means an
21 establishment that is in compliance with—

22 “(A) the State inspection program of the State in which the establishment is
23 located; and

24 “(B) this Act.

25 “(4) POULTRY ITEM.—The term ‘poultry item’ means—

26 “(A) a portion of poultry; and

27 “(B) a poultry product.

28 “(5) SELECTED ESTABLISHMENT.—The term ‘selected establishment’ means an
29 eligible establishment that is selected by the Secretary, in coordination with the
30 appropriate State agency of the State in which the eligible establishment is located,
31 under subsection (b) to ship poultry items in interstate commerce.

32 “(b) Authority of Secretary to Allow Shipments.—

33 “(1) IN GENERAL.—Subject to paragraph (2), the Secretary, in coordination with
34 the appropriate State agency of the State in which an establishment is located, may
35 select the establishment to ship poultry items in interstate commerce, and place on
36 each poultry item shipped in interstate commerce a Federal mark, stamp, tag, or
37 label of inspection, if the establishment—

38 “(A) is an eligible establishment; and

1 “(B) is located in a State that has designated personnel to inspect the eligible
2 establishment.

3 “(2) PROHIBITED ESTABLISHMENTS.—In carrying out paragraph (1), the Secretary,
4 in coordination with an appropriate State agency, shall not select an establishment
5 that—

6 “(A) on average, employs more than 25 employees (including supervisory
7 and nonsupervisory employees), as defined by the Secretary;

8 “(B) as of the date of enactment of this section, ships in interstate commerce
9 carcasses, poultry items that are inspected by the Secretary in accordance with
10 this Act;

11 “(C)(i) is a Federal establishment;

12 “(ii) was a Federal establishment as of the date of enactment of this section,
13 and was reorganized on a later date under the same name or a different name or
14 person by the person, firm, or corporation that controlled the establishment as
15 of the date of enactment of this section; or

16 “(iii) was a State establishment as of the date of enactment of this section
17 that—

18 “(I) as of the date of enactment of this section, employed more than 25
19 employees; and

20 “(II) was reorganized on a later date by the person, firm, or corporation
21 that controlled the establishment as of the date of enactment of this
22 section;

23 “(D) is in violation of this Act;

24 “(E) is located in a State that does not have a State inspection program; or

25 “(F) is the subject of a transition carried out in accordance with a procedure
26 developed by the Secretary under paragraph (3)(A).

27 “(3) ESTABLISHMENTS THAT EMPLOY MORE THAN 25 EMPLOYEES.—

28 “(A) DEVELOPMENT OF PROCEDURE.—The Secretary may develop a
29 procedure to transition to a Federal establishment any establishment under this
30 section that, on average, consistently employs more than 25 employees.

31 “(B) ELIGIBILITY OF CERTAIN ESTABLISHMENTS.—

32 “(i) IN GENERAL.—A State establishment that employs more than 25
33 employees but less than 35 employees as of the date of enactment of this
34 section may be selected as a selected establishment under this subsection.

35 “(ii) PROCEDURES.—A State establishment shall be subject to the
36 procedures established under subparagraph (A) beginning on the date that
37 is 3 years after the effective date described in subsection (i).

38 “(c) Reimbursement of State Costs.—

39 “(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall

1 reimburse a State for costs related to the inspection of selected establishments in the
2 State in accordance with Federal requirements in an amount of not less than 60
3 percent of eligible State costs.

4 “(2) MICROBIOLOGICAL VERIFICATION TESTING.—The Secretary may reimburse a
5 State for 100 percent of eligible State costs relating to the inspection of selected
6 establishments in the State, if the State provides additional microbiological
7 verification testing of the selected establishments, using standards under this Act,
8 that is in excess of the typical verification testing frequency of the Federal
9 Government with respect to Federal establishments.

10 “(d) Coordination Between Federal and State Agencies.—

11 “(1) IN GENERAL.—The Secretary shall designate an employee of the Federal
12 Government as State coordinator for each appropriate State agency—

13 “(A) to provide oversight and enforcement of this section; and

14 “(B) to oversee the training and inspection activities of designated personnel
15 of the State agency.

16 “(2) SUPERVISION.—A State coordinator shall be under the direct supervision of
17 the Secretary.

18 “(3) DUTIES OF STATE COORDINATOR.—

19 “(A) IN GENERAL.—A State coordinator shall visit selected establishments
20 with a frequency that is appropriate to ensure that selected establishments are
21 operating in a manner that is consistent with this Act (including regulations and
22 policies under this Act).

23 “(B) QUARTERLY REPORTS.—A State coordinator shall, on a quarterly basis,
24 submit to the Secretary a report that describes the status of each selected
25 establishment that is under the jurisdiction of the State coordinator with respect
26 to the level of compliance of each selected establishment with the requirements
27 of this Act.

28 “(C) IMMEDIATE NOTIFICATION REQUIREMENT.—If a State coordinator
29 determines that any selected establishment that is under the jurisdiction of the
30 State coordinator is in violation of any requirement of this Act, the State
31 coordinator shall—

32 “(i) immediately notify the Secretary of the violation; and

33 “(ii) deselect the selected establishment or suspend inspection at the
34 selected establishment.

35 “(4) PERFORMANCE EVALUATIONS.—Performance evaluations of State
36 coordinators designated under this subsection shall be conducted by the Secretary as
37 part of the Federal agency management control system.

38 “(e) Audits.—

39 “(1) PERIODIC AUDITS CONDUCTED BY INSPECTOR GENERAL OF THE DEPARTMENT
40 OF AGRICULTURE.—Not later than 2 years after the effective date described in

1 subsection (i), and not less often than every 2 years thereafter, the Inspector General
2 of the Department of Agriculture shall conduct an audit of each activity taken by the
3 Secretary under this section for the period covered by the audit to determine
4 compliance with this section.

5 “(2) AUDIT CONDUCTED BY COMPTROLLER GENERAL OF THE UNITED STATES.—Not
6 earlier than 3 years, nor later than 5 years, after the date of enactment of this section,
7 the Comptroller General of the United States shall conduct an audit of the
8 implementation of this section to determine—

9 “(A) the effectiveness of the implementation of this section; and

10 “(B) the number of selected establishments selected by the Secretary under
11 this section.

12 “(f) Transition Grants.—The Secretary may provide grants to appropriate State
13 agencies to assist the appropriate State agencies in helping establishments covered by this
14 Act to transition to selected establishments.

15 “(g) Violations.—Any selected establishment that the Secretary determines to be in
16 violation of any requirement of this Act shall be transitioned to a Federal establishment in
17 accordance with a procedure developed by the Secretary under subsection (b)(3)(A).

18 “(h) Effect.—Nothing in this section limits the jurisdiction of the Secretary with
19 respect to the regulation of poultry and poultry products under this Act.

20 “(i) Effective Date.—

21 “(1) IN GENERAL.—This section takes effect on the date on which the Secretary,
22 after providing a period of public comment (including through the conduct of public
23 meetings or hearings), promulgates final regulations to carry out this section.

24 “(2) REQUIREMENT.—Not later than 18 months after the date of enactment of this
25 section, the Secretary shall promulgate final regulations in accordance with
26 paragraph (1).”.