

118TH CONGRESS  
1ST SESSION

# S. 2792

To amend the Agricultural Marketing Act of 1946 to require the Secretary of Agriculture to procure a minimum amount of meat and poultry products from small meat processors and to develop a digital livestock exchange platform, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 13, 2023

Mr. FETTERMAN introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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## A BILL

To amend the Agricultural Marketing Act of 1946 to require the Secretary of Agriculture to procure a minimum amount of meat and poultry products from small meat processors and to develop a digital livestock exchange platform, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Strengthening Local  
5 Meat Economies Act of 2023”.

1 **SEC. 2. PROCUREMENT OF MEAT AND POULTRY.**

2 Subtitle A of the Agricultural Marketing Act of 1946  
3 (7 U.S.C. 1621 et seq.) is amended by adding at the end  
4 the following:

5 **“SEC. 210B. PROCUREMENT OF MEAT AND POULTRY.**

6 “(a) DEFINITIONS.—In this section:

7 “(1) DIGITAL LIVESTOCK EXCHANGE PLAT-  
8 FORM.—The term ‘digital livestock exchange plat-  
9 form’ has the meaning given the term in section  
10 210C(a).

11 “(2) ELIGIBLE PROCESSOR.—The term ‘eligible  
12 processor’ means a livestock or poultry processor  
13 that—

14 “(A) is engaged in the slaughter of live-  
15 stock or poultry;

16 “(B)(i) employs fewer than 150 full-time  
17 employees; or

18 “(ii) processes less than 1,000,000 total  
19 pounds of meat food product and poultry prod-  
20 uct per month;

21 “(C) is not owned or in partnership with  
22 any entity that—

23 “(i) employs 150 or more full-time  
24 employees; or

1                   “(ii) processes 1,000,000 total pounds  
2                   or more of meat food product and poultry  
3                   product per month; and

4                   “(D) is not owned or in partnership with  
5                   any foreign entity.

6                   “(3) LIVESTOCK.—The term ‘livestock’ means  
7                   cattle, sheep, swine, and goats, whether alive or  
8                   dead.

9                   “(4) MEAT FOOD PRODUCTS.—The term ‘meat  
10                  food products’ has the meaning given the term in  
11                  section 2(a) of the Packers and Stockyards Act,  
12                  1921 (7 U.S.C. 182).

13                  “(5) POULTRY.—The term ‘poultry’ has the  
14                  meaning given the term in section 4 of the Poultry  
15                  Products Inspection Act (21 U.S.C. 453).

16                  “(6) POULTRY PRODUCT.—The term ‘poultry  
17                  product’ has the meaning given the term in section  
18                  4 of the Poultry Products Inspection Act (21 U.S.C.  
19                  453).

20                  “(7) SECRETARY.—The term ‘Secretary’ means  
21                  the Secretary of Agriculture.

22                  “(b) PROCUREMENT REQUIREMENTS.—In procuring  
23                  meat food products and poultry products for the Depart-  
24                  ment of Agriculture, the Secretary—

1           “(1) shall increase procurement of meat food  
2 products and poultry products from eligible proc-  
3 essors—

4           “(A) in the first fiscal year that begins on  
5 or after the date that is 1 year after the date  
6 of enactment of this section, by an amount that  
7 is the greater of—

8                   “(i) \$50,000,000; and

9                   “(ii) 50 percent of the amount spent  
10 in the previous fiscal year for that procure-  
11 ment; and

12           “(B) in the first fiscal year following the  
13 fiscal year described in subparagraph (A), by  
14 an amount that is the greater of—

15                   “(i) \$100,000,000; and

16                   “(ii) 75 percent of the amount spent  
17 in the previous fiscal year for that procure-  
18 ment;

19           “(2) shall, in each fiscal year following the fis-  
20 cal year described in paragraph (1)(B), procure not  
21 less than 20 percent of meat food products and poul-  
22 try products from eligible processors;

23           “(3) shall establish procurement contracts for  
24 the procurement increases under paragraphs (1) and  
25 (2) through a digital livestock exchange platform;

1           “(4) notwithstanding any other provision of  
2 law, shall not accept the lowest possible bid on a  
3 meat food products or poultry products procurement  
4 contract if that acceptance would result in prices  
5 that would not be commercially viable for eligible  
6 processors, as determined by the Secretary in con-  
7 sultation with the advisory board established under  
8 section 210C(g) and using the data described in sec-  
9 tion 210C(d)(4);

10           “(5) shall post competitive or sole source con-  
11 tracts exclusively to eligible processors through a  
12 digital livestock exchange platform;

13           “(6) shall determine fair market price for meat  
14 food products and poultry products processed by eli-  
15 gible processors (taking into account product at-  
16 tributes such as organic, regenerative, and high-wel-  
17 fare) through the price reporting expertise of the  
18 Secretary; and

19           “(7) shall prioritize procurement from—

20           “(A) enterprises owned by beginning farm-  
21 ers or ranchers, socially disadvantaged farmers  
22 or ranchers, or veteran farmers or ranchers (as  
23 those terms are defined in section 2501(a) of  
24 the Food, Agriculture, Conservation, and Trade  
25 Act of 1990 (7 U.S.C. 2279(a)));

1 “(B) enterprises that—

2 “(i) source at least 51 percent of their  
3 livestock, poultry, meat food products, or  
4 poultry products from producers or proc-  
5 essors within a 250-mile radius;

6 “(ii) exclusively sell meat food prod-  
7 ucts or poultry products with a label of the  
8 Department of Agriculture designating the  
9 product as a product of the United States,  
10 if such label exists; or

11 “(iii) purchase at least 51 percent of  
12 their livestock, poultry, meat food prod-  
13 ucts, or poultry products to fulfill Federal  
14 procurement contracts through a digital  
15 livestock exchange platform; and

16 “(C) enterprises with labor agreements.

17 “(c) INTERAGENCY ASSISTANCE.—The Secretary  
18 shall assist other Federal agencies seeking to procure meat  
19 food products and poultry products by—

20 “(1) sharing information about the 1 or more  
21 digital livestock exchange platforms;

22 “(2) offering technical assistance on how to uti-  
23 lize a digital livestock exchange platform; and

1           “(3) facilitating through a digital livestock ex-  
2           change platform procurement contract opportunities  
3           with eligible processors.

4           “(d) OFFSET.—Of amounts available to the Sec-  
5           retary for procurement in a fiscal year, the Secretary shall  
6           use not less than \$35,000,000 to carry out procurement  
7           in accordance with this section.

8           “(e) OUTREACH.—The Secretary shall conduct out-  
9           reach, and provide technical assistance, to eligible proc-  
10          essors and producers of meat food products and poultry  
11          products seeking procurement contracts with the Federal  
12          Government.

13          “(f) REPORT.—Not later than 1 year after the date  
14          of enactment of this section, the Secretary shall submit  
15          to Congress a report that—

16                 “(1) describes all procurement of meat food  
17                 products and poultry products by the Department of  
18                 Agriculture during the preceding 5 years, includ-  
19                 ing—

20                         “(A) the companies that those products  
21                         were sourced from; and

22                         “(B) by disaggregating information by cat-  
23                         egories of slaughter volume and processed vol-  
24                         ume; and

1           “(2)(A) analyzes barriers to eligible processors  
2           engaging in procurement contracts with the Depart-  
3           ment of Agriculture; and

4           “(B) makes recommendations on how to remove  
5           those barriers.”.

6 **SEC. 3. DIGITAL LIVESTOCK EXCHANGE PLATFORM.**

7           Subtitle A of the Agricultural Marketing Act of 1946  
8           (7 U.S.C. 1621 et seq.) (as amended by section 2) is  
9           amended by adding at the end the following:

10 **“SEC. 210C. DIGITAL LIVESTOCK EXCHANGE PLATFORM.**

11           “(a) DEFINITIONS.—In this section:

12           “(1) DIGITAL LIVESTOCK EXCHANGE PLAT-  
13           FORM.—The term ‘digital livestock exchange plat-  
14           form’ means a digital application or website that ful-  
15           fills the purposes and activities described in sub-  
16           section (d).

17           “(2) ELIGIBLE PROCESSOR.—The term ‘eligible  
18           processor’ has the meaning given the term in section  
19           210B(a).

20           “(3) FORMULA PRICE.—

21           “(A) IN GENERAL.—The term ‘formula  
22           price’ means any price term that establishes a  
23           base from which a purchase price is calculated  
24           on the basis of a price that will not be deter-



1           mined or reported until a date that is after the  
2           date on which the forward price is established.

3           “(B) EXCLUSIONS.—The term ‘formula  
4           price’ does not include—

5                   “(i) any price term that establishes a  
6                   base from which a purchase price is cal-  
7                   culated on the basis of a futures market  
8                   price; or

9                   “(ii) any adjustment to the base for  
10                  quality, grade, or other factors relating to  
11                  the value of livestock that are readily  
12                  verifiable market factors and are outside  
13                  the control of the packer.

14           “(4) FORWARD CONTRACT.—The term ‘forward  
15           contract’ means an oral or written contract for the  
16           purchase of livestock that provides for the delivery  
17           of the livestock to a packer at a date that is more  
18           than 7 days after the date on which the contract is  
19           entered into, without regard to whether the contract  
20           is for—

21                   “(A) a specified lot of livestock; or

22                   “(B) a specified number of livestock over a  
23                  certain period of time.

1           “(5) LIVESTOCK.—The term ‘livestock’ means  
2           cattle, sheep, swine, and goats, whether alive or  
3           dead.

4           “(6) MEAT FOOD PRODUCTS.—The term ‘meat  
5           food products’ has the meaning given the term in  
6           section 2(a) of the Packers and Stockyards Act,  
7           1921 (7 U.S.C. 182).

8           “(7) POULTRY.—The term ‘poultry’ has the  
9           meaning given the term in section 4 of the Poultry  
10          Products Inspection Act (21 U.S.C. 453).

11          “(8) POULTRY PRODUCT.—The term ‘poultry  
12          product’ has the meaning given the term in section  
13          4 of the Poultry Products Inspection Act (21 U.S.C.  
14          453).

15          “(9) SECRETARY.—The term ‘Secretary’ means  
16          the Secretary of Agriculture, acting through the Ad-  
17          ministrator of the Agricultural Marketing Service.

18          “(b) ESTABLISHMENT.—The Secretary shall enter  
19          into cooperative agreements with entities (including pri-  
20          vate entities, nonprofit organizations, and small busi-  
21          nesses) to develop, as determined by the Secretary—

22                 “(1) a single digital livestock exchange plat-  
23                 form; or

24                 “(2) multiple digital livestock exchange plat-  
25                 forms by region.

1       “(c) STATUS AS MARKET AGENCY.—A digital live-  
2 stock exchange platform shall be a market agency (as de-  
3 fined in section 301 of the Packers and Stockyards Act,  
4 1921 (7 U.S.C. 201), except that livestock in paragraph  
5 (1) of that section shall include poultry) for purposes of  
6 that Act.

7       “(d) PURPOSES AND ACTIVITIES OF PLATFORM.—A  
8 digital livestock exchange platform shall—

9               “(1) facilitate open access to online cash trans-  
10 fer and open bidding on forward contracts and pro-  
11 curement contracts between—

12                       “(A) livestock and poultry producers;

13                       “(B) livestock and poultry producers and  
14 eligible processors;

15                       “(C) livestock and poultry producers or eli-  
16 gible processors and institutional, private sec-  
17 tor, and government buyers; and

18                       “(D) distributors of meat food products  
19 and poultry products to institutional, private  
20 sector, and government buyers;

21       “(2) facilitate ease of access to—

22                       “(A) Federal procurement opportunities  
23 for eligible processors and producers of meat  
24 food products and poultry products; and

1           “(B) subcontracting opportunities by pri-  
2           vate entities fulfilling Federal meat food prod-  
3           ucts and poultry products procurement con-  
4           tracts;

5           “(3) facilitate connection between producers  
6           and eligible processors offering copacking services,  
7           so that producers may fulfill governmental, retail,  
8           restaurant, or institutional contracts directly;

9           “(4) facilitate reporting by the Secretary of re-  
10          gional agricultural prices while ensuring data privacy  
11          and data ownership for individual digital livestock  
12          exchange platform participants;

13          “(5) provide open-source access for producers  
14          to a tool that allows producers to enhance the  
15          traceability of their product attributes;

16          “(6) aim to prevent manipulation within mar-  
17          kets subject to the Packers and Stockyards Act,  
18          1921 (7 U.S.C. 191 et seq.), and transactions across  
19          the livestock and poultry industry; and

20          “(7) test the value of new forms of technology,  
21          including distributed ledger and smart contract tech-  
22          nologies, in livestock and poultry market platforms  
23          and supply chains, to accomplish the objectives de-  
24          scribed in paragraphs (1) through (6).

25          “(e) COMPLIANT FORWARD CONTRACTS.—

1           “(1) IN GENERAL.—In effectuating any sale of  
2 livestock on a digital livestock exchange platform, it  
3 shall be unlawful to use a forward contract that—

4           “(A) does not contain a firm base price  
5 that may be equated to a fixed dollar amount  
6 on the date on which the forward contract is  
7 entered into;

8           “(B) is not offered for bid in an open, pub-  
9 lic manner under which—

10           “(i) buyers and sellers have the oppor-  
11 tunity to participate in the bid;

12           “(ii) more than 1 blind bid is solici-  
13 ited; and

14           “(iii) buyers and sellers may witness  
15 bids that are made and accepted;

16           “(C) is based on a formula price; or

17           “(D) provides for the sale of livestock in a  
18 quantity in excess of 50 animals.

19           “(2) PENALTIES.—Any participant that violates  
20 paragraph (1) shall—

21           “(A) be barred from participation in a dig-  
22 ital livestock exchange platform or for consider-  
23 ation for any Federal meat food product or  
24 poultry product procurement contract; and

1           “(B) forfeit any existing Federal meat food  
2           product or poultry product procurement con-  
3           tract for the 5-year period following the viola-  
4           tion.

5           “(f) PROHIBITED PARTICIPATION.—

6           “(1) DAILY HARVEST VOLUME.—A meatpacker  
7           that has a daily harvest volume that is more than  
8           5 percent of the national daily harvest volume may  
9           not participate in a digital livestock exchange plat-  
10          form, including by posting subcontracting opportuni-  
11          ties on the digital livestock exchange platform.

12          “(2) ELIGIBLE PROCESSORS.—A meatpacker  
13          that is not an eligible processor may not participate  
14          in a digital livestock exchange platform, including by  
15          posting subcontracting opportunities on the digital  
16          livestock exchange platform.

17          “(g) OUTREACH.—The Secretary shall conduct out-  
18          reach through extension services regarding the availability  
19          and use of a digital livestock exchange platform.

20          “(h) AUTHORIZATION OF APPROPRIATIONS.—There  
21          is authorized to be appropriated to the Secretary to carry  
22          out subsection (b) \$2,000,000, to remain available until  
23          expended.”.

○