



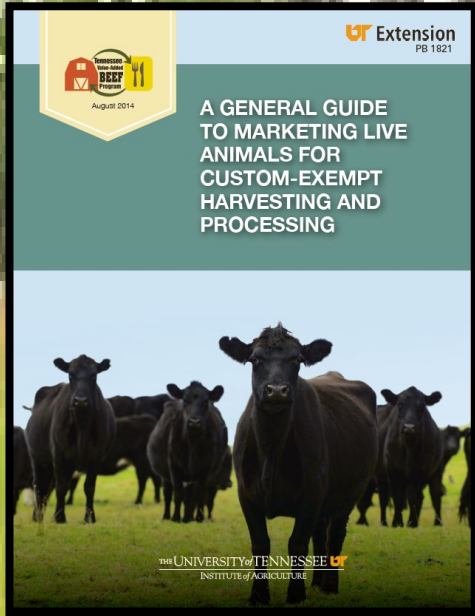
**Considerations for Marketing
Meat Twilight Q&A:
Operating During the COVID-19 Pandemic**

Disclaimers

- Information presented is for educational purposes only and does not constitute legal or medical advice.

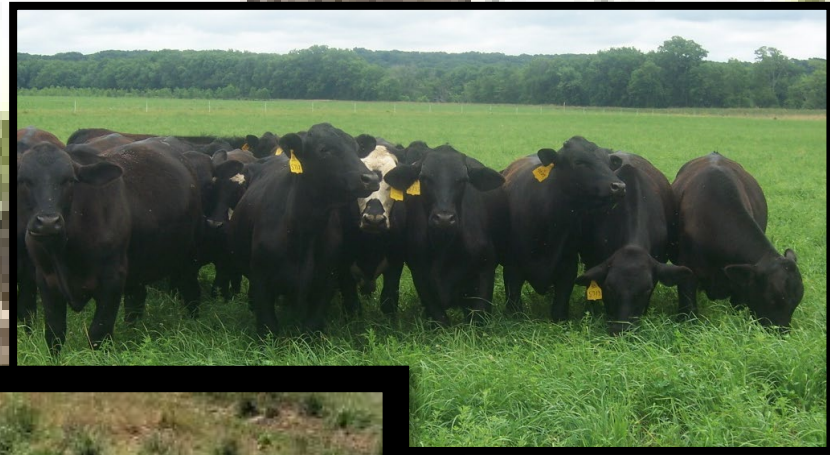
Topics

- Live Animal Sales
- Retail Meat Sales
- Special Label Claims
- Non-retail Meat Sales
- Sales Tax
- Q&A



Available Online:

<https://ag.tennessee.edu/cpa/CPA%20Publications/PB1821%20no%20bleeds.pdf>



aka....“Selling Live Animals for Custom Processing (Freezer Meat)”

Overview...

- Minimizing business risk when selling live animals for local harvest
- Focus on clear communication and documentation
 - Communication with buyer
 - Communication between buyer and processor
 - Using a “bill of sale” to document the sale of a live animal to a customer
- Focus on working with custom-exempt livestock harvest and processing facilities
 - approximately 62 in Tennessee
 - Provide the service of harvesting and processing for the owner of the animal



Custom-exempt Facilities...

- ***Provide the service of harvesting and processing for the owner of the animal.***
- Meat from custom-exempt processing plants is packaged and labeled “not for sale.”
- Meat from custom exempt plants is to be consumed by the owner of the animal and their nonpaying family, guests and employees.



Livestock Producers Selling Live Animals for Custom-exempt Harvesting...

- Must clearly communicate with buyers that they are buying a live animal.
 - Including advertisements, discussions and bill of sale.
- Must clearly document the sale of the live animal.
 - Prevent any confusion or any appearance of selling meat.



Livestock Producers Selling Live Animals for Custom-exempt Harvesting...

Example scenario of on-farm sale.



1. Use live animal terms

- Avoid using carcass terms.
 - Wholes, halves and quarters tend to be carcass terms.

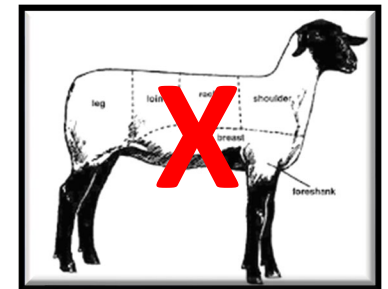
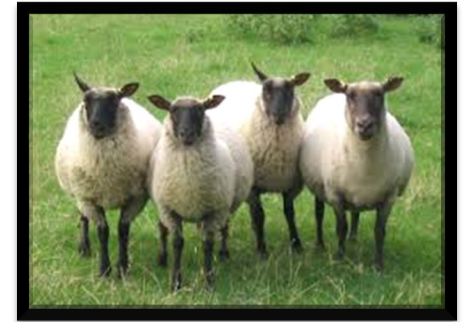
~~Whole~~

~~Half~~

~~Side~~

~~Quarter~~

~~Carcass Weight~~



2. Base Price on Live Animal

- Per Head or live weight (cwt).
- Basing the price on carcass weight can be difficult and complicated.
- Ownership of the animal should transfer before harvest.



3. Provide and Retain a Detailed Bill of Sale

- Clarifies the transaction and improves communication
- Name and information of the seller.
- Name and information of the buyer.
- Detailed description of the animal.
 - Color, age, tag/tattoo, size, approx. weight, frame, gender, breed, photo of the animal.
 - Number of head or interest/share purchased.
 - The more description the better.
- Date of transaction.
- Sale price.
- Payment type (if paid by check, include check number).
- Delivery details.
- Buyer and seller signatures.

Appendix A - Example Livestock Bill of Sale
(For Educational Purposes Only)

Date Sold: _____

Seller's Information
Printed Name: _____
Address: _____
City: _____
State: _____ ZIP: _____

Buyer's Information
Printed Name: _____
Address: _____
City: _____
State: _____ ZIP: _____

This is to certify that the undersigned has this day in consideration of the sum of _____ dollars sold the following described livestock.
The Title to which _____ (seller) hereby guarantees:

| Number of Head or Interest Purchased | Ear Tag Number(s) | Sex | Birth Date | Color, Tattoo, Mark, or Other Description | Live Weight | Price/ | Amount Paid |
|--------------------------------------|-------------------|-----|------------|-------------------------------------------|-------------|--------|-------------|
| | | | | | | | |
| | | | | | | | |

Payment Method:
 Check # _____ Cash Credit/Debit Card Transaction # _____

Delivery Details: _____

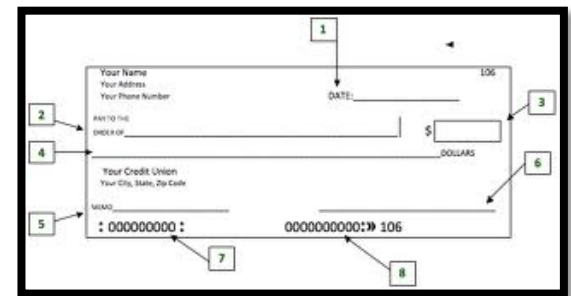
Additional Notes: _____

Signature of Seller: _____ Date: _____
Signature of Buyer: _____ Date: _____

University of Tennessee Institute of Agriculture 9

4. Document the Transfer of Funds

- Payment method/type and amount (cash, check, credit card, Pay-Pal....).
- Payment by check is preferred.
 - Note check number on bill of sale.
 - Information on check should match information on bill of sale.
 - Describe animal on the check.
 - Make copy of check.
- Attach copy of check to the bill of sale.



5. Clear Transaction Between Buyer and Processing Facility



- Buyer of the animal should pay the processor.
 - Producer should not accept payment for processing.
- Buyer should discuss cuts and delivery/pick-up with the processor.
- Livestock producer may help the buyer and the processor communicate.
 - Provide buyer list of possible processors.
 - Provide buyer with “sample cut sheet.”

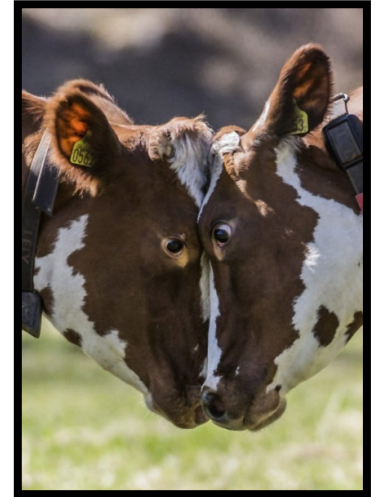
6. Transportation

- Transportation/delivery should be discussed during animal sale negotiations.
 - Document delivery details on bill of sale
- Livestock producer may deliver the animal to the processor.
- Processor should record the animal owners name (not the seller or deliverer).
- Animal owners should make arrangements for delivery/pick up of meat after processing.
- The buyer of the live animal owns the meat from the animal.



Selling to Multiple Buyers (shared owners)

- Half and quarter shares (of a live animal) are the most common.
- Advertisements must be clear.
- Describe live animal sales/shares (not beef or carcass shares).
- Bill of sale must be clear.
 - Each buyer must be clearly informed they are buying a share of a live animal.
 - Each buyer must receive a copy of the bill of sale.
 - Each buyer should pay for their share of the animal.
 - Bill of sale must state the portion or percent of the animal purchased.
 - Buyers must communicate with the processor.
- Multiple owners should be listed on the processor records.
- Multiple owners must pay the processor.
- Ownership should transfer prior to harvesting.
- Meat from a custom-exempt processing facility cannot be sold.
- What if only 3 buyers for $\frac{1}{4}$ -interest in an animal?



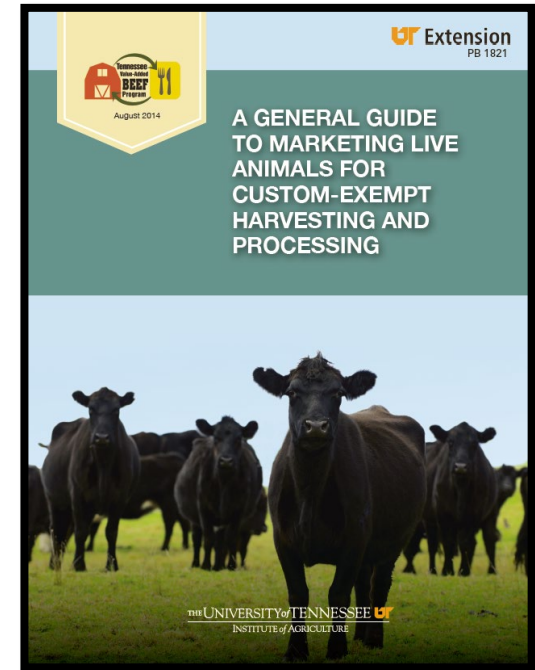
Can the farmer legally harvest the animal for the buyer?

- **No**, not without meeting regulations required for custom-exempt slaughter facilities.
- To learn about specific requirements, contact the Tennessee Department of Consumer & Industry Services at (615) 837-5193.



Take Home Messages

- Custom-exempt processing can only be done for owner of the animal.
- Meat from custom-exempt processing cannot be sold.
- Producers need to clearly communicate and document the sale of a live animal.



Available Online:
<https://ag.tennessee.edu/cpa/CPA%20Publications/PB1821%20no%20bleeds.pdf>

Retail Meat Sales

- Sales to household consumer
- Often at farmers market, on-farm retail, roadside stand, personal delivery, etc.
- Regulated by
 - Tennessee Department of Agriculture
 - United States Department of Agriculture

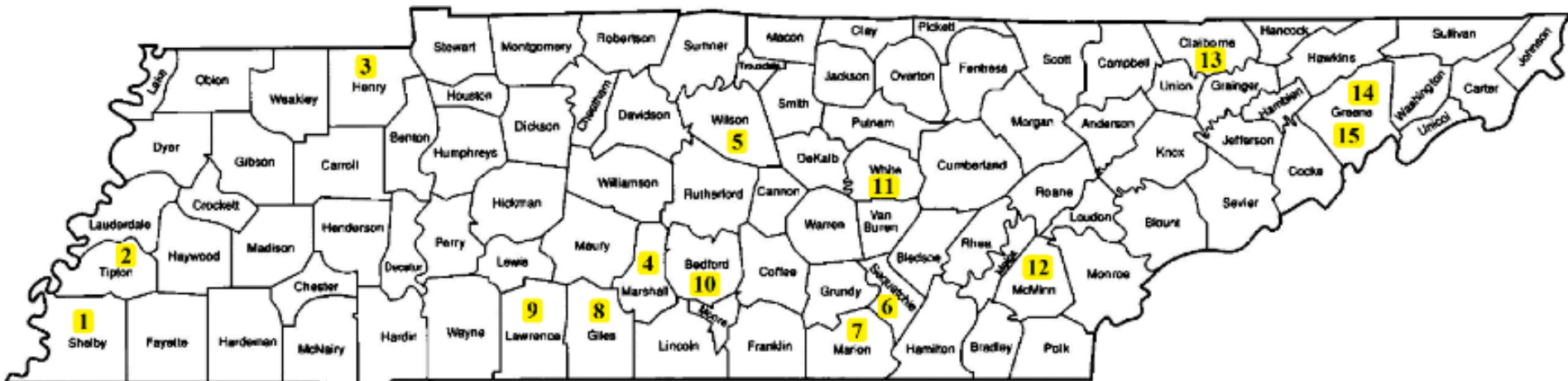
Retail Meat Sales



- Retail Meat Permit
- \$50 annual fee
- Inspection of label, facilities, storage, transportation
- Permit posted where sold
- Weights and Measures compliance
- Processing facility regulation
- Proper packaging and labeling
- Special label claim compliance
- FSIS Nutritional Labeling

Retail Meat Sales

- Meat must be **properly packaged and labeled under USDA inspection**
- **15 USDA-inspected plants in TN** (09/2019)



Retail Meat Sales

- Label requirements
 1. Product name
 2. Handling statement (i.e. Keep Frozen, Keep Refrigerated)
 3. Name and address of manufacturer, packer or distributor
 4. USDA Mark of Inspection and Establishment Number
 5. Net weight
 6. Safe handling instructions
 7. Ingredients (if more than one)
 8. Nutritional information (on package or at point of purchase)

Retail Meat Sales

- Additional label requirements from state weights and measures regulations
 - Some products require
 7. Price per pound
 8. Total price



Allowable Units of Sale



- Meat sales must be conducted by net weight
 - Weight of product only without container/ packaging
- Can be expressed in metric or English
 - Typically in pounds and ounces

Retail Meat Sales

- Optional label components
 1. Code date or lot number
 - Recommended in case of recall
 2. Special statements and claims
 - Require USDA approval

Special Claims

Generic Approval

- Statements or claims deemed factual by FSIS without need for further verification
- Examples
 - Geographic claims
 - State endorsement programs with no geographic emblematic design
 - “Aged” or “Dry-Aged” – if used according to FSIS definitions



Special Claims

Sketch Approval

- Claims that cannot be generically approved
- Examples
 - Animal Raising Claims (i.e. grass fed, no added hormones)
 - Natural Claims
 - Nutrition Claims

Special Claims

Sketch Approval

- USDA FSIS form 7234-1 or online Label Submission and Approval System
- Include a drawing or printers proof of label
- Some require supporting documentation
 - Written protocol
 - Copy of certification
 - Signed affidavit
- Must receive approval even if used as part of farm name on the label
- More at www.fsis.usda.gov/labels

Retail Meat Sales Storage and Transport

- Storage units must be:
 - Dedicated to meat for sale
 - Cleanable and in good repair
 - In secure location
 - Away from potential sources of contamination
 - Accessible for inspection

Retail Meat Sales Storage and Transport

- Storage practices must prevent cross contamination (poultry)
- Thermometers are required in units to verify temperatures
 - Refrigerated at 41 degrees F or below
 - Frozen must be hard frozen
 - No re-freezing of product is permitted
- Hands and outer clothing of those handling meat must be clean



Non-Retail Meat Sales

Sales other than to the household consumer:

- Grocery Stores
- Other Retailers
- Restaurants
- Hotels
- Institutions

Non-Retail Meat Sales

- Requires registration as a wholesaler with USDA
 1. Contact USDA FSIS to request an on-site consultation
 - Mickey Mancini located in Hamilton County
 - mickey.mancini@usda.gov
 - David Ford located in Shelby County
 - david.ford@usda.gov

Non-Retail Meat Sales

- Inspector will provide FSIS Form 5020-1 during site visit
2. Only after the inspector visits, complete and submit FSIS Form 5020-1, **“Registration of Meat and Poultry Handlers”**

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0583-0125. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

PAGE 1 OF 2

U.S. DEPARTMENT OF AGRICULTURE
FOOD SAFETY AND INSPECTION SERVICE
OFFICE OF PROGRAM EVALUATION, ENFORCEMENT AND REVIEW

**REGISTRATION OF
MEAT AND POULTRY HANDLERS**

DISTRIBUTION: RETAIN ONE COPY FOR YOUR FILES, AND RETURN
ONE COPY OF THIS REPORT TO:

USDA, FSIS, OPEER, EED
14th & Independence Ave., SW
Room 300, Congressional Quarterly Building
Washington, D.C. 20540-3700

NOTICE TO MEAT AND POULTRY HANDLERS

Unless you operate under Federal inspection, you are required by law to register with the U.S. Department of Agriculture if you deal in meat or poultry products in or for commerce. (The term "commerce" means commerce between any State, any territory, or the District of Columbia, and any place outside thereof; or within any territory not organized with a legislative body, or the District of Columbia), or within a State or Territory that has been designated for 21 U.S.C. 643 and/or 21 U.S.C. 480 because such State or Territory does not operate a program of its own.

INSTRUCTIONS: Complete items 1 through 9 and send both copies to the address in the upper right corner. USDA will return one copy of the completed registration to the registrant in item 1.

| | | | |
|--------------------------------------------------------------|---------------|--------------------------------------------------------|--------------------------------------------------|
| 1. NAME AND MAILING ADDRESS OF REGISTRANT (Include Zip Code) | | 2. FORM OF ORGANIZATION (Check or specify) | |
| | | <input type="checkbox"/> INDIVIDUALLY OWNED | <input type="checkbox"/> PARTNERSHIP |
| | | <input type="checkbox"/> INCORPORATED | <input type="checkbox"/> COOPERATIVE ASSOCIATION |
| | | <input type="checkbox"/> LIMITED LIABILITY CORPORATION | <input type="checkbox"/> OTHER (specify) _____ |
| PHONE: _____ | E-MAIL: _____ | | |

| | | | |
|------------------------------------------------|------------------------------------------------------|---------------------------------------------------------|---------------------------------------|
| 3. NATURE OF BUSINESS (Check one) | | | |
| <input type="checkbox"/> MEAT OR MEAT PRODUCTS | <input type="checkbox"/> POULTRY OR POULTRY PRODUCTS | <input type="checkbox"/> BOTH MEAT AND POULTRY PRODUCTS | <input type="checkbox"/> OTHER: _____ |

| | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------|---------------------------------------------------|
| 4. CHECK EACH TYPE OF BUSINESS YOU ARE ENGAGED IN | | | |
| <input type="checkbox"/> DOMESTIC BROKER | <input checked="" type="checkbox"/> EXPORT BROKER | <input type="checkbox"/> RENDERER | <input type="checkbox"/> ANIMAL FOOD MANUFACTURER |
| <input type="checkbox"/> PUBLIC WAREHOUSEMAN | <input type="checkbox"/> WHOLESALER | <input type="checkbox"/> OTHER: _____ | |
| <input type="checkbox"/> Buying, selling, transporting, or importing any dead, dying, disabled, or diseased cattle, sheep, swine, goats, horses, mules, equines, poultry, or parts of the carcasses of any such animals or poultry that died otherwise than by slaughter. (4D Operator) | | | |

| |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5. Address(es) of subsidiaries, branches, or divisions of your organization which engage in business of the type identified in item 4. Include trade or other names if different from your organization's. (If none, so state) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | | |
|--------------|---------------|--------------------------|
| PHONE: _____ | E-MAIL: _____ | HOURS OF OPERATION _____ |
|--------------|---------------|--------------------------|

CHANGES: If you make any changes in the names, including trade names, or addresses of the place or places where you do business, report such changes within 15 days to address in upper right corner.

| CERTIFICATION BY FIRM | | | |
|--------------------------|----------|--------------|---------|
| 6. TYPED OR PRINTED NAME | 7. TITLE | 8. SIGNATURE | 9. DATE |
| | | | |

| NOTICE OF REGISTRATION BY USDA (COMPLETED BY USDA OFFICIAL) | | | |
|-------------------------------------------------------------|-------------------------|---------------------------|-------------------------------|
| a. REGISTRATION NO. | b. DATE OF REGISTRATION | c. TITLE OF USDA OFFICIAL | d. SIGNATURE OF USDA OFFICIAL |
| | | | |

FSIS FORM 5020-1 (02/2007)

REPLACES FSIS FORM 5020-1 (05/2006), WHICH MAY BE USED UNTIL EXHAUSTED.

Find additional resources online at tiny.utk.edu/VABeef

Basic Regulatory Considerations for Retail and Non-retail Meat Sales in Tennessee

Guidance for Farmers Direct Marketing Beef, Pork, Lamb and Goat



PB 1829

MEAT PRODUCT LABELING GUIDANCE FOR DIRECT FARM MARKETERS

PB 1861

DECEMBER 2017



Improving Communications with Your Beef Processor

LABEL SUPPORTING DOCUMENTATION
PRODUCT NAME
NET WEIGHT
PASTURE RAISED
APPROVAL ELEMENT

Center for Profitable Agriculture

D 3



LISTING OF USDA LIVESTOCK SLAUGHTER FACILITIES IN TENNESSEE

(Revision of CPA Info 182)

September 2019

*Jared Bruhin, Megan Bruch Leffew, Rob Holland and Hal Pepper
 Extension Specialists
 Center for Profitable Agriculture*

In August-September 2019, the Center for Profitable Agriculture reviewed a list of livestock harvesting and processing plants in Tennessee that were permitted for inspection by the U.S. Department of Agriculture's Food Safety and Inspection Service (USDA FSIS). Most of the plants on the list operate for the sole purpose of handling animals, meat and processing for their own company, such as Tyson, Koch Foods, Pilgrim's Pride, Hillshire Farm, Swaggerty Sausage and Wampler's Farm Sausage. However, 15 of the plants were considered "possibilities" for farmers who want to have their livestock slaughtered and processed under USDA inspection in order to market their meat products. The plants considered possibilities for farmers to use for processing livestock for retail meat sales with the species being processed as of September 2019 are listed below by region of the state and identified with a corresponding number on the map.



Sales Tax

- Sales tax on sales of:
 - Raised and purchased farm products
 - Value-added products
- Registering with Tennessee Department of Revenue

Misconception about Sales Tax

- “Farmers are **always exempt** from sales tax so they don’t have to worry about charging sales tax on the products they sell.”

Sales Tax

- Privilege tax that permits you to engage in the business of:
 - Selling tangible personal property at retail
 - Rendering certain services at retail
 - Charging admission to events

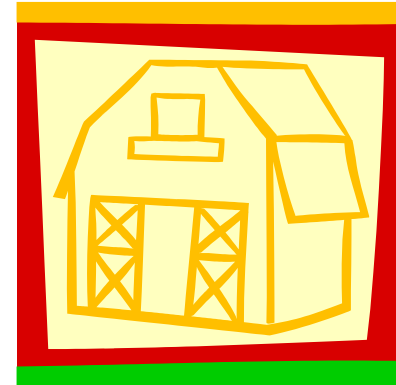
Sales Tax Exemptions for Farmers

- Sales of farm products by the farmer who raised them
- Certain sales of farm products that were purchased from the farmer who raised them



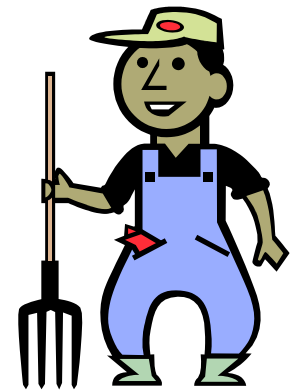
Sales of Farm Products by the Farmer Who Raised Them

- “Products of the farm sold by the farmer who raised them” are **exempt** from sales tax.
 - Livestock
 - Nursery Stock
 - Fruits
 - Vegetables
 - Poultry



Sales of Farm Products by the Farmer Who Raised Them

- The *farmer* who raises the product may be an individual, partnership, corporation, LLC or university).
- The same business entity must both raise and sell the farm product if the sale is to be considered a raised farm product exempt from sales tax.



Sales of Farm Products by the Farmer Who Raised Them

- Any Buyer
- Any Location
- No special registration as a farmer needed



Example 1: Raised Farm Products are 100% of Total Sales

- Farmer Smith decides to finish 6 calves and sells the live finished calves to individuals for custom exempt processing for a total of \$8,000. Does Farmer Smith owe sales tax on the sale of the calves?
- Answer: No. The sales are exempt from sales tax because Farmer Smith raised the calves.



Sales of Farm Products Purchased From the Farmer Who Raised Them

To be exempt from sales tax, two conditions must be met:

#1. The products must be purchased from the farmer who raised them, and



Sales of Farm Products Purchased From the Farmer Who Raised Them

To be exempt from sales tax, two conditions must be met:

#2. The dollar amount of farm products raised must be at least 50 percent of total sales of farm products.

Example 2: Raised Farm Products are 40% of Total Sales

- Farmer Smith decides to finish 6 calves and sells the live finished calves to individuals for custom exempt processing for a total of \$8,000. He also buys 9 finished calves from a neighbor and sells them to his customers for \$12,000. Does Farmer Smith owe sales tax on the sale of any of the calves?
- Answer: He owes sales tax on the \$12,000 sale of calves he didn't raise because he didn't meet the 50 percent test ($\$8,000/\$20,000$ is 40%). The \$8,000 sales of Farmer Smith's raised calves are exempt from sales tax because he raised them.



Sales of Value-added Products

- When a farmer adds value to farm-raised products by processing or packaging them, the **sales of the value-added products are exempt from sales tax as long as the only non-raised ingredients added are salt, water, sugar, pectin or preservatives.**

Example 3: Sales of Value-Added Products

- After getting a retail meat permit, Farmer Smith gets his **raised calves** harvested and packaged at a USDA-inspected processor and markets the meat products (steaks, roasts, ground beef) for \$12,000. No ingredients were added during processing. Are the \$12,000 sales of value-added products subject to sales tax?
- Answer: The sales of these value-added products are not subject to sales tax because Farmer Smith raised the animals and there were no non-raised ingredients besides salt, water, sugar, pectin and preservatives.



Registering for Sales Tax

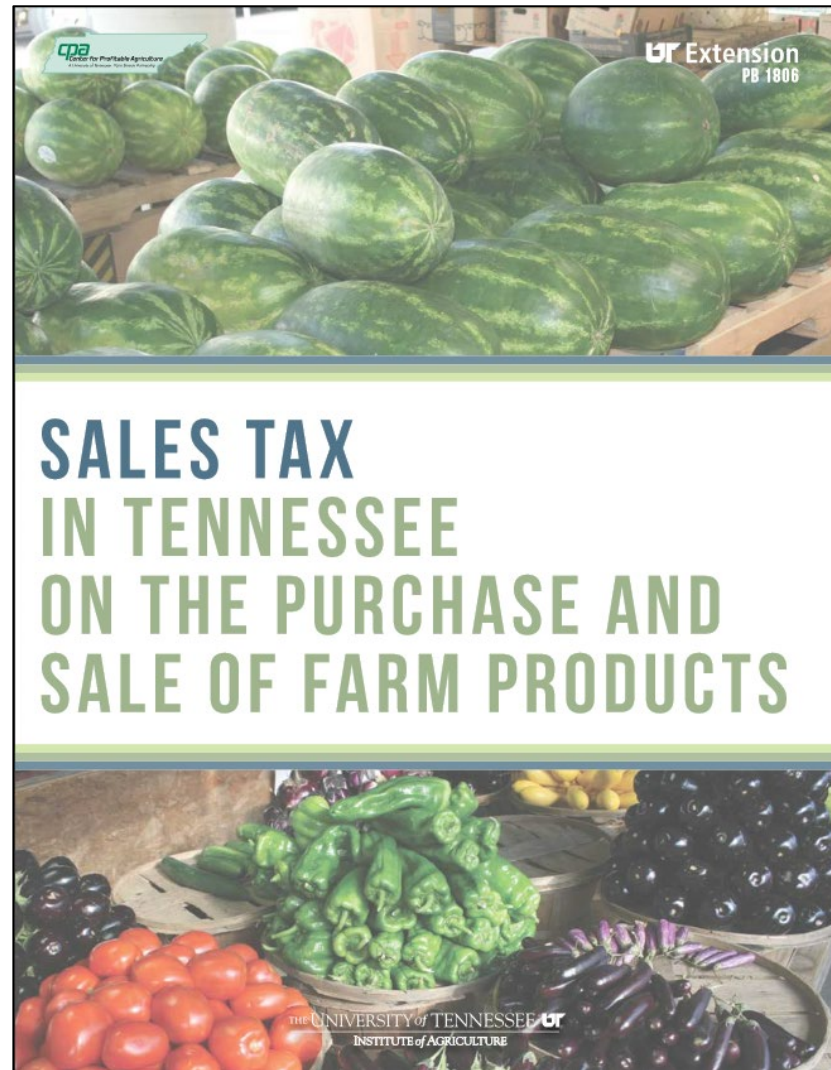
- If there is a sales tax liability, the producer should complete an Application for Registration with Tennessee Department of Revenue.
- The Application for Registration may be completed and submitted online at <http://www.tn.gov/revenue/forms/sales/index.shtml>.

Sales Tax Rates

- State tax rate for most items: 7%
- State tax rate for meat: 4%
- Local tax rate varies from 1.00% to 2.75%
- Maximum combined state and local tax rate for most items is 9.75% (7% state rate plus up to 2.75% local rate).
- Maximum combined state and local tax rate for meat is 6.75% (4% state rate plus up to 2.75% local rate).

Additional Resource

<https://extension.tennessee.edu/publications/Documents/PB1806.pdf>



Speaker Contacts

CENTER FOR
PROFITABLE AGRICULTURE
UTEXTENSION
INSTITUTE OF AGRICULTURE
A UNIVERSITY OF TENNESSEE - FARM BUREAU PARTNERSHIP



- Rob Holland, rwholland@utk.edu
- Megan Bruch Leffew, mleffew@utk.edu
- Hal Pepper, hal.pepper@utk.edu



Q&A

UEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

TN Department of
Agriculture