

Frequently Asked Questions About Using Custom-exempt Slaughter and Processing Facilities in Oregon for Beef, Pork, Lamb and Goat

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Introduction

Oregon livestock producers selling retail cuts of meat by the package to consumers are required to have livestock slaughtered and processed at a facility inspected by the U.S. Department of Agriculture. In addition, some county governments may require a meat seller's license. However, some producers choose to sell live animals, which the customers, as the new owners, can then have processed at a "custom-exempt," state-licensed facility. For example, Farmer Smith sells one live steer to four people, each of whom gets a one-fourth share of the meat from that steer. This practice is cost-effective for both farmer and customer. It's also legal — if you follow some simple rules.

This guide explains those federal and state rules for farmers and customers.



This meat is labeled "not for sale," indicating that it was processed through custom-exempt guidelines.

Credit: Niche Meat Processing Assistance Network

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What does 'custom-exempt' mean for slaughter or processing?

A “custom-exempt” processor can only slaughter and process livestock for the exclusive use of the owner(s) of the livestock, the owner’s family and nonpaying guests. Packages of custom-processed meat and poultry must be labeled “NOT FOR SALE” and cannot be labeled with any other claim such “natural” or “humane.” The “NOT FOR SALE” label is required because, by law, the meat cannot be sold, traded, bartered or given away, for example, to a food bank or pantry. Custom-exempt processors often process game meat for hunters, but they also usually offer processing services to anyone who wants an animal slaughtered or processed for personal use.

Slaughter and processing businesses that operate under the custom exemption are licensed by the Oregon Department of Agriculture and inspected by ODA and the U.S. Department of Agriculture once or twice a year. This is not the same as the daily or “continuous” inspection that USDA-inspected processors undergo. Custom-exempt slaughter and processing plants are expected to meet the same requirements for sanitation and humane handling that USDA-inspected plants must meet, even though they are not inspected as regularly.

What are the relevant state and federal laws?

Custom-exempt slaughter and processing establishments are described in Oregon’s Revised Statutes in [Chapters 603 \(https://www.oregonlegislature.gov/bills_laws/ors/ors603.html\)](https://www.oregonlegislature.gov/bills_laws/ors/ors603.html) and [619. \(https://www.oregonlegislature.gov/bills_laws/ors/ors619.html\)](https://www.oregonlegislature.gov/bills_laws/ors/ors619.html)

Buildings, controls, construction, packaging, sanitation, labeling and other requirements for custom-exempt and USDA-inspected facilities are described in Oregon's Administrative Rules: [Chapter 603, Divisions 13, 25, and 28.](https://secure.sos.state.or.us/oard/displayChapterRules.action?selectedChapter=37) (<https://secure.sos.state.or.us/oard/displayChapterRules.action?selectedChapter=37>)

The Federal Meat Inspection Act gives USDA's Food Safety Inspection Service jurisdiction over meat and poultry slaughter and processing. Federally inspected products can be shipped over state lines and internationally to many countries. Federal inspection requires a Hazard Analysis and Critical Control Point plan, Sanitary Standard Operating Procedures, daily inspection of processing facilities, and, if the plant slaughters livestock, ante-mortem and post-mortem inspection of every animal.

In 2018, USDA-FSIS published a guidance document, [Guideline for Determining Whether a Livestock Slaughter or Processing Firm is Exempt from the Inspection Requirements of the Federal Meat Inspection Act.](https://www.fsis.usda.gov/wps/wcm/connect/16a88254-adc5-48fb-b24c-3ea0b133c939/Compliance-Guideline-Livestock-Exemptions.pdf?MOD=AJPERES) (<https://www.fsis.usda.gov/wps/wcm/connect/16a88254-adc5-48fb-b24c-3ea0b133c939/Compliance-Guideline-Livestock-Exemptions.pdf?MOD=AJPERES>) This guide explains how custom exempt sales are federally regulated.

The Oregon Department of Agriculture is also developing a state red meat inspection program.

Must I sell half an animal, or can I sell one-eighth or even one-sixteenth of an animal?

USDA does not have a specific rule about how many shares you may sell of any one animal. Some states restrict shares to four or eight per animal, but Oregon does not have such a restriction. The custom-exempt processor must label the carcass with each owner's name.

If you sell more than four shares per animal, you and your processor are likely to come under additional scrutiny from both USDA and ODA. This is because it will appear that you are avoiding federal inspection and selling uninspected meat, rather than live animals, which would be a violation of the Federal Meat Inspection Act. Remember: Meat processed at a custom-exempt facility cannot be sold, only returned to the owner of the animal. The custom-exemption was originally designed so that livestock producers could have their own livestock processed for their own home use. Stretching the exemption too far may cause it to be revoked for producers.

Keep in mind that, as a producer, the more shares you sell in each animal, the more work you are creating for your processor, who must speak with each share owner about scheduling, cutting orders, pickup and payment. The processor will earn the same revenue on one animal whether it is sold to two, four or eight people.

Can I charge by the pound?

You may not charge by final cut and wrapped product weight. Legally, you are selling a live animal; by the letter of the law, you must charge by live weight or a per-head price. To do this accurately, you may want to consider investing in a live animal scale or some other way to determine live weight. Explain to your shareholders the yield loss differences between live weight and the final cut and wrapped meat. Your shareholders must pay their portion of the kill fee and the butchering costs separately from what they pay you for the live animal.

"Carcasses and other products of custom slaughter are not eligible to be sold. Therefore, sale or purchase of the live animal using the services of a custom-exempt operator would be based on live weight, price-per-head, or other quantity pertaining to the live animal."

According to the USDA Food Safety Inspection Service Guideline: "Carcasses and other products of custom slaughter are not eligible to be sold. Therefore, sale or purchase of the live animal using the services of a custom-exempt operator would be based on live weight, price-per-head, or other quantity pertaining to the live animal. The custom exempt operator can only charge the owner a service fee for the livestock slaughtered or prepared on a custom basis, not for the meat food product itself which is derived from the custom slaughter or processing because the custom exempt operator does not own the live animal nor the resultant product."

For example, you sell four shares of a steer to four people. The live weight of the animal is 1,000 pounds, and you charge \$3 per pound of live weight, or \$3,000 total. The cost of each live animal share would be \$750. The processor will then charge a slaughter or processing fee to the owner(s) for the service of harvesting the animal and cutting and wrapping the meat products.

Can I advertise my beef shares when I'm selling other legal/licensed items such as eggs and vegetables at the farmers' market, or on my website?

Yes. Take care with the language you use in your advertising. "Beef shares available, \$X/pound of live weight" is acceptable, but "250 pounds of beef for sale, \$X/pound" is not. These may seem quite similar, but, according to the letter of the law, they are not. The first is advertising shares of a beef animal, while the second is advertising meat. Because you are not using a USDA-inspected processing facility, you cannot sell meat, only the live animal.

Can I get the animal slaughtered before I sell all the shares?

No. You are selling a live animal. You must sell all the shares in the animal prior to slaughter. If you sell a share after the animal is slaughtered, then you will be selling meat, which is not allowed if you are using a custom-exempt facility.

Once I sell an animal, does the new owner have to take it to the slaughter facility?

No. If you are using a fixed-location slaughter facility, you may transport the animal there. If you are using a mobile on-farm slaughter service, that person can slaughter the animal on your farm and then deliver the carcass to the custom-processing facility. Alternatively, the new owner can transport the live animal to the slaughter facility.

How do I document that the carcass was sold while the animal was still alive?

You must provide the name of each shareholder to the slaughterer and custom processing facility. The slaughterer will label the carcass with the owners' name(s). All parts of the carcass and its byproducts must be identified with the shareholders' names at all times. When ODA inspects a custom-exempt facility, it will look for these names. You do not need to provide separate certificates of ownership, although it is always a good idea to keep receipts from these transactions.

Who places the cutting order with the cut-and-wrap facility?

The shareholders should call the cut-and-wrap facility directly to arrange cutting instructions (for example, thickness of steaks, size of ground/stew meat packages, and certain cut choices), as well as to specify which carcass parts (for example, liver, bones, heart, tongue) they want returned to them. When a group of individuals purchases one animal together, and all individuals agree on cutting instructions, only one of them needs to call the processor to give the instructions. After the sale of the animal, there is no reason for the processor to contact the producer, the previous owner. However, it is reasonable for the producer to provide sample cutting instructions to shareholders if they are unfamiliar with communicating with a butcher.

Can my customers pay me for processing?

No. Your shareholders pay you for shares of the live animals they purchase. As the new owners of the animal, they must pay the processor directly for the services of slaughter and processing. Typically, they will do this when they pick up their meat from the processor.

Can I deliver frozen meat to my customers, or do they have to pick it up at the processing plant?

No, you cannot deliver frozen meat. Customers must pick up and pay for their meat themselves. Remember: You cannot be involved with payment for meat processing. That is a transaction between the shareholder and the processor.

Can two customers share a beef quarter, with one having the steaks and roasts, and the other taking the ground beef and economy cuts only?

Yes. As the two owners of the animal, they can share it with each other however they like. The same is true if you are selling to four shareholders. They could, for example, agree to “mixed quarters” so they are all getting parts of the front and hindquarters of the animal.

Can I make my own bacon and sausage and sell that?

No. You may only sell bacon and sausage if the meat:

1. Was processed at a USDA-inspected facility; or
2. You use USDA-inspected meat that you then process in a retail-exempt commercial kitchen.

Can I render beef tallow for candle-making and sell that?

Yes. ODA does not regulate the use of animal byproducts or the production of candles, so you may use custom beef tallow for candle production. Goat milk from unlicensed dairies legally may be used for soap manufacture.

How can I sell meat at a farmers’ market, restaurant or retail store in Oregon?

The meat must be processed at a USDA-inspected facility, and you must obtain a “prepackaged meat seller” license from ODA. You also must have approval from ODA for the storage location of your unsold product and the way you transport it. Your county may have additional regulations; check with your county health department. Note that ODA will soon be launching a state red meat inspection program, which will then allow producers to sell meat that has been inspected by ODA at farmers’ markets, restaurants or retail stores in Oregon only.

How can I sell meat at a farmers’ market, restaurant or retail store in another state or via the internet?

USDA-inspected meat from Oregon can be sold in other states. Check with the individual states about licensing requirements to sell in those states. Oregon does not require an additional license for approved facilities to export meat from Oregon to another state.

Resources

For producers

Niche Meat Processors Assistance Network ([//www.nichemeatprocessing.org](http://www.nichemeatprocessing.org))

NMPAN is a university Extension-based national community of practice of people and organizations helping small meat processors thrive.

For consumers

Beef and Pork Whole Animal Buying Guide (<https://store.extension.iastate.edu/product/Beef-and-Pork-Whole-Animal-Buying-Guide>)

Arion Thiboumery, Iowa State University Extension and Outreach

This consumer-oriented guide, created by Iowa State University's Small Meat Processors Working Group, explains buying pork and beef as whole animals (or portions) directly from local producers. It includes common retail pork and beef cuts with color photos by section; values and costs of buying direct; a glossary of livestock and meat marketing terms; storage requirements and shelf-life recommendations; safe handling and cooking; beef aging; basics of inspection; and comparisons of live weight, hanging weight and finished cut weight.

How Much Meat to Expect from a Carcass: A Consumer's Guide to Purchasing Freezer Meats (https://gallatin.ca.uky.edu/files/how_much_meat_to_expect_from_a_carcass.pdf)

Gregg Rentfrow, University of Kentucky Extension Service

This guide helps consumers understand how much meat they will receive from a carcass of beef, pork or lamb.

The Butcher Kept Your Meat? (<https://animalscience.psu.edu/outreach/programs/meat/pdf/the-butcher-stole-my-meat.pdf>)

Christopher Raines, Pennsylvania State University

A consumer-oriented infographic explaining the conversion of a whole animal carcass into meat. Covers pork, beef and lamb, as well as yield effect of further aging or processing.

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