

SOUTH DAKOTA  
DEPARTMENT OF AGRICULTURE

# DAIRY INSPECTION FUND ANNUAL REPORT

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2019



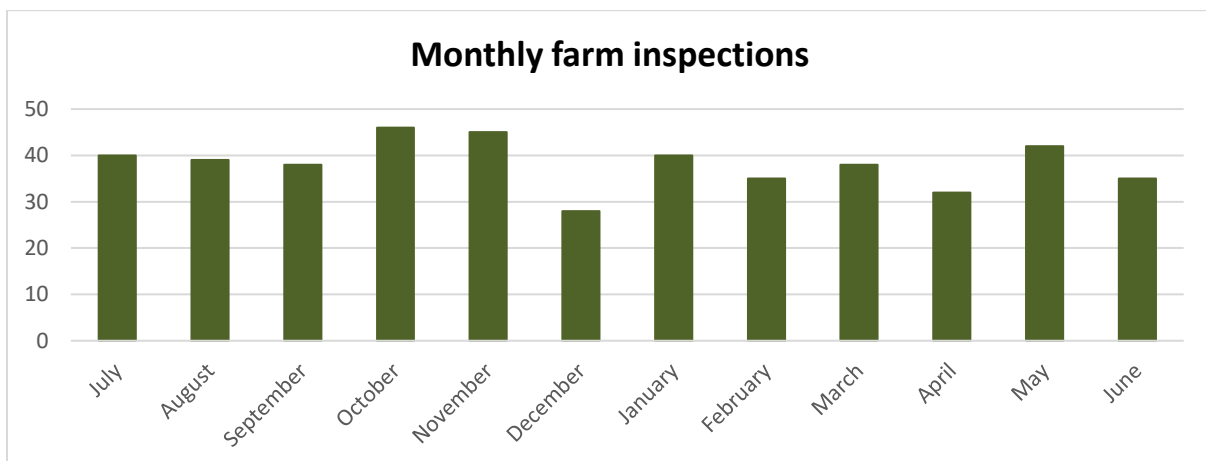
Pursuant to SDCL 40-32-29, this annual report is submitted by the South Dakota Department of Agriculture (SDDA) to the dairy industry and the South Dakota legislature to provide a report on the previous year's activities for the dairy inspection fund.

**Dairy Farm Fees**

Several fees are collected from the dairy industry and placed in the dairy inspection fund. A break-down of the fees collected from dairy farms in fiscal year 2019 (FY 2019) are included below:



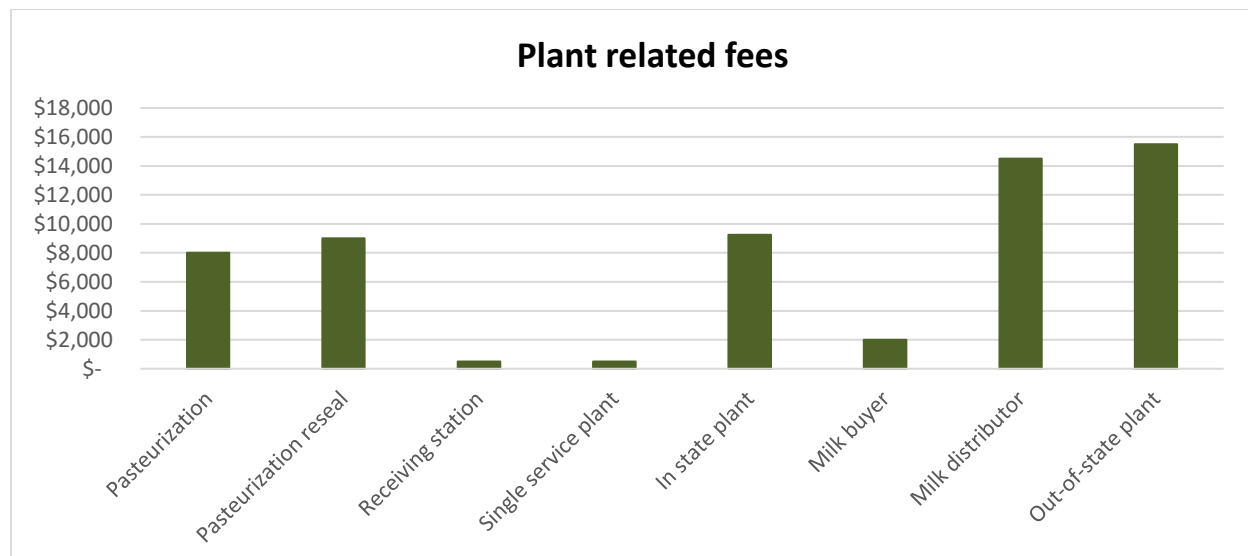
The fees collected from industry are used to fund inspections of both dairy farms and plants. In FY 2019, 452 Grade A farm inspections were completed along with 83 re-inspections (a recall fee is assessed when re-inspection occurs). Nine Grade B farms were completed, with two re-inspections. Five raw milk inspections were completed. The number of on-farm inspections done by the SDDA in FY 2019 is included below:



## Dairy Plant Fees

In addition to the farm fees paid by the industry, the SDDA collects fees from dairy plants. In FY 2019, 32 pasteurization unit inspection fees were charged, along with 60 re-sealing fees. Re-sealing fees are collected when a plant must break a seal to fix equipment and the equipment must be re-sealed by the SDDA.

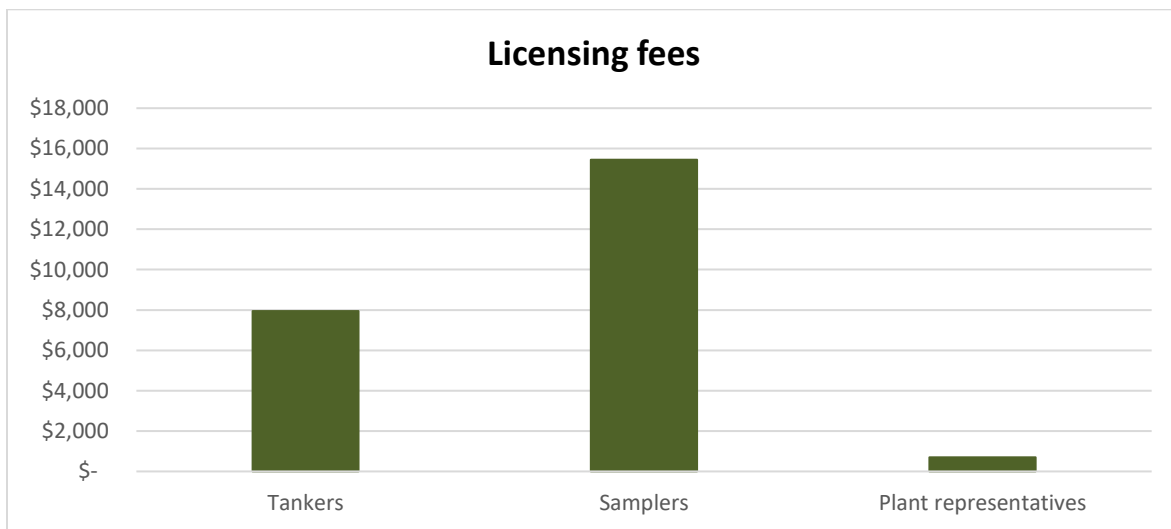
In South Dakota there are two Interstate Milk Shippers (IMS) listed single service plants that produce containers in which milk will be packaged, and two receiving stations that receive and hold milk until it can be transported for further processing. These facilities pay fees to the SDDA for inspection of the facility. Additionally, there are 8 milk buyers, 58 milk distributors, 62 out-of-state plants, six in-state milk plants with a capacity >500,000lbs, one with capacity 100,000-500,000lbs, and 12 in-state milk plants with a capacity <100,000lbs, all of which pay inspection fees. A graph with a breakdown of the dairy plant inspection fees is included below:



Check ratings are performed at the state and federal level to ensure proper enforcement and interpretation of the Grade A Pasteurized Milk Ordinance (PMO). The PMO contains the federal regulations on milk production and processing. The state survey officer, housed within the SDDA, assesses Grade A farms and plants every 24 months, to evaluate the local inspector. Additionally, the FDA performs checks at Grade A farms and plants to evaluate the state survey officer and local inspector. 17 check ratings were conducted with compliance within the IMS listing by our state survey officer. One check rating was conducted by the FDA.

## **Licensing Fees**

Fees are collected from those involved in the shipping and transport of milk from the farm to plants as well. The SDDA uses those funds to conduct testing and inspections of those involved in this process. In FY 2019, 159 truck tanker inspections were conducted. There are currently 309 licensed samplers (202 milk haulers, 94 samplers, 13 lab technicians), and 14 plant field representatives in the state. A graph with a breakdown of the licensing fees is included below:



## **Raw Milk Assessment**

Each milk buyer pays a monthly raw milk assessment fee (RMA) on all milk purchased from South Dakota producers. SDCL 40-32-25 sets the cap of the RMA at \$0.01 per hundredweight (cwt). The RMA fee is currently set in administrative rules at \$.007 per cwt.

The charts below show the RMA collected and the pounds of milk assessed per month for FY 2019:

