

SOUTH DAKOTA
DEPARTMENT OF AGRICULTURE

DAIRY INSPECTION FUND ANNUAL REPORT

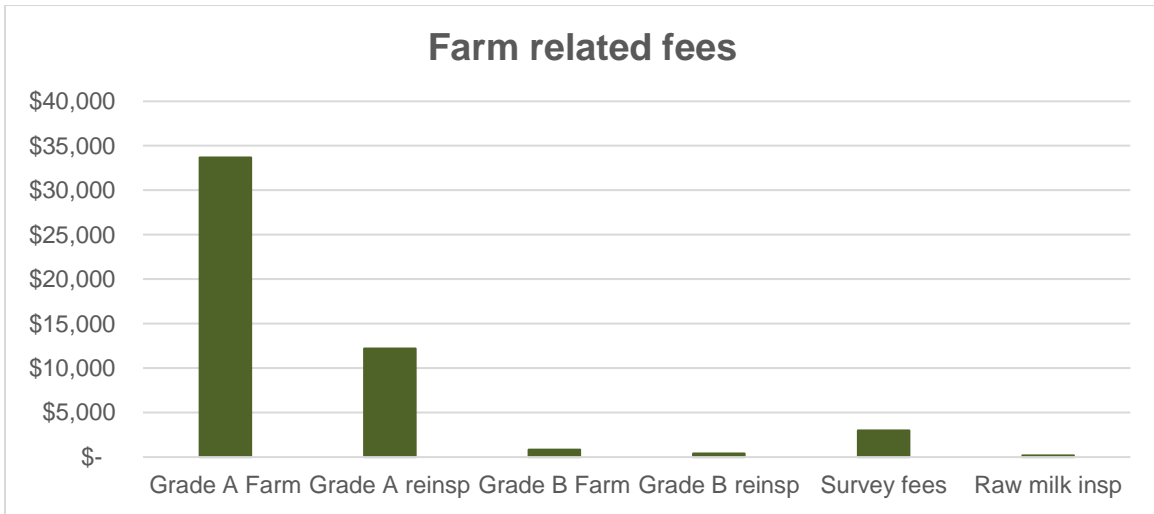
FY 2020



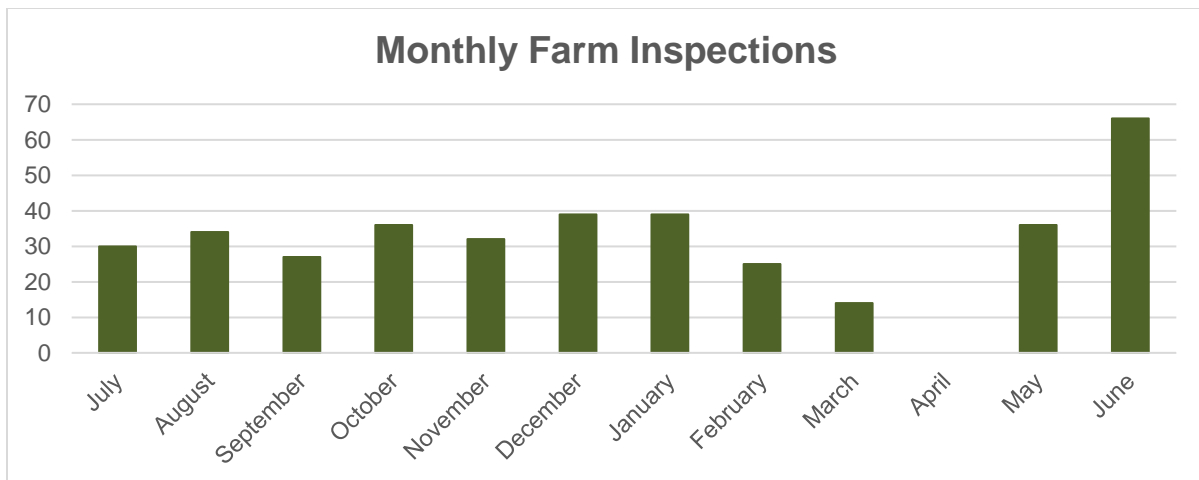
Pursuant to SDCL 40-32-29, this annual report is submitted by the South Dakota Department of Agriculture (SDDA) to the dairy industry and the South Dakota legislature to provide a report on the previous year's activities for the dairy inspection fund.

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 2020 (FY 2020) are included below:



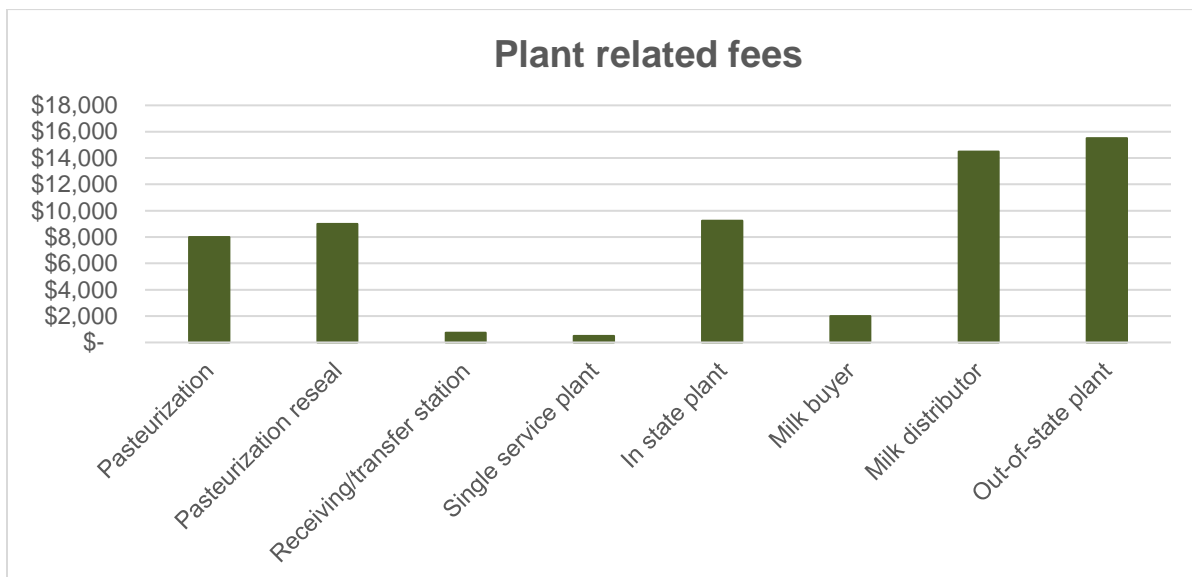
The fees collected from industry are used to fund inspections of both dairy farms and plants. In FY 2020, 373 Grade A farm inspections were completed along with 61 re-inspections (a recall fee is assessed when re-inspection occurs). Nine Grade B farms were completed, with two re-inspections. Five raw milk inspections were completed. The number of on-farm inspections done by the SDDA in FY 2020 is included below (note no inspections were done in April, due to precautions taken to slow the spread of COVID-19):



Dairy Plant Fees

In addition to the farm fees paid by the industry, the SDDA collects fees from dairy plants. In FY 2020, 39 pasteurization unit inspection fees were charged, along with 71 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.

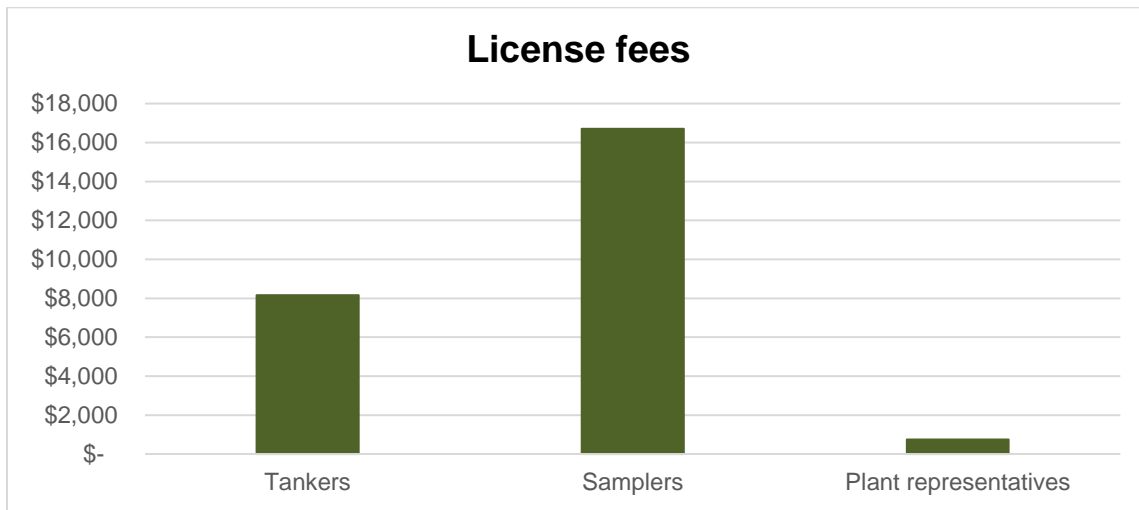
In South Dakota there are two IMS listed single service plants that produce containers in which milk will be packaged, and two receiving stations that receive and hold milk until it can be transported for further processing. These facilities pay fees to the SDDA for inspection of the facility. Additionally, there are 8 milk buyers, 57 milk distributors, 61 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. Nineteen check ratings were conducted with compliance within the Interstate Milk Shippers (IMS) listing by our state survey officer. The SDDA did not have any federal check ratings in FY20.

License Fees

License fees are collected from those involved in the shipping and transport of milk from the farm to plants. The SDDA uses those funds to conduct testing and inspections of those involved in this process. In FY 2020, 163 truck tanker inspections were conducted. There are currently 334 licensed samplers (224 milk haulers, 100 samplers, 10 lab technicians), and 15 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 \$0.007 per cwt. Total milk produced by South Dakota farmers was 2,925,301,919 pounds.

The charts below show the RMA collected and the pounds of milk assessed per month for FY 2020:

