

SOUTH DAKOTA
DEPARTMENT OF AGRICULTURE AND
NATURAL RESOURCES

DAIRY INSPECTION FUND ANNUAL REPORT

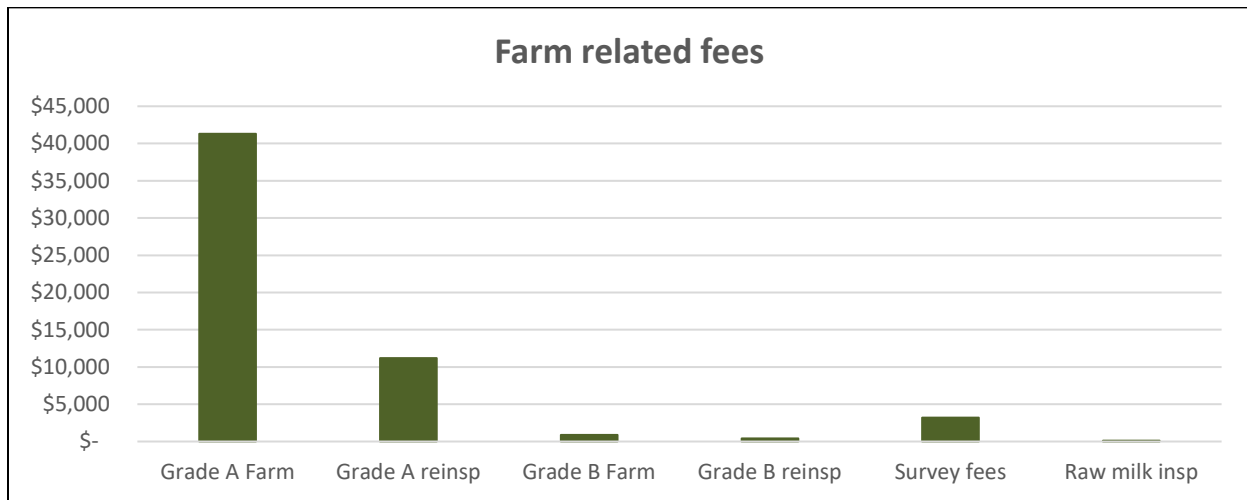
FY 2021



Pursuant to SDCL 40-32-29, this annual report is submitted by the South Dakota Department of Agriculture and Natural Resources (DANR) to the dairy industry and the South Dakota legislature to provide information 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 2021 (FY 2021) are included below:



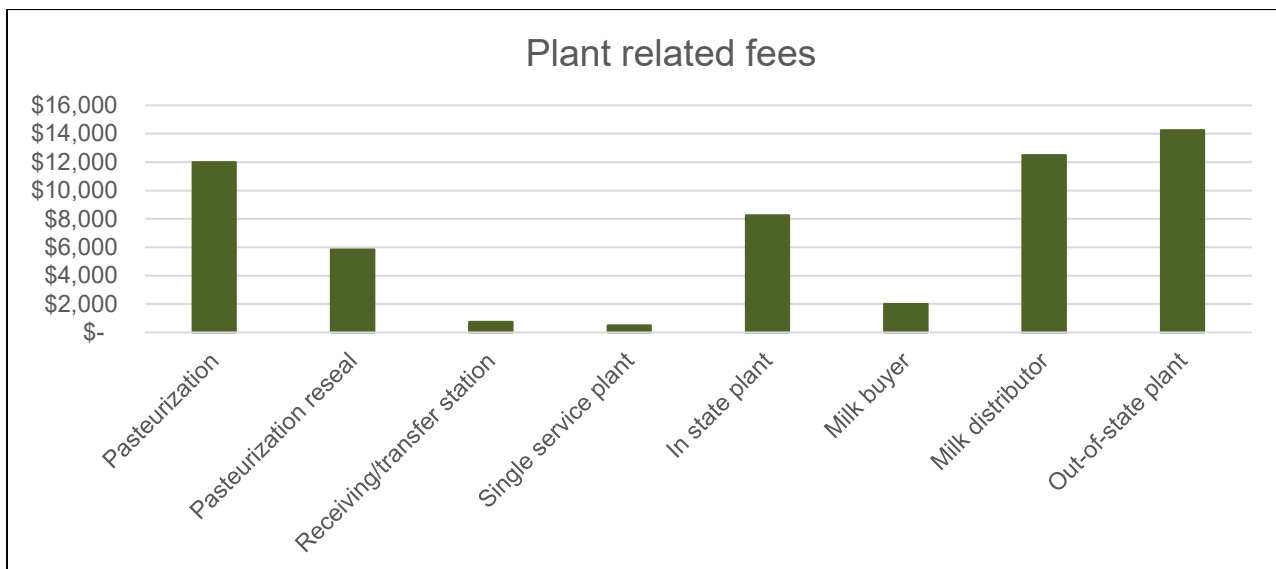
The fees collected from industry are used to fund inspections of both dairy farms and plants. In FY 2021, 385 Grade A farm inspections were completed along with 56 re-inspections (a recall fee is assessed when re-inspection occurs). Seven Grade B farms were completed, with two re-inspections. Three raw milk inspections were completed. The number of on-farm inspections completed by the DANR in FY 2021 is included below:



Dairy Plant Fees

In addition to the farm fees paid by the industry, DANR collects fees from dairy plants. In FY 2021, 48 pasteurization unit inspection fees were collected, along with 39 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 DANR.

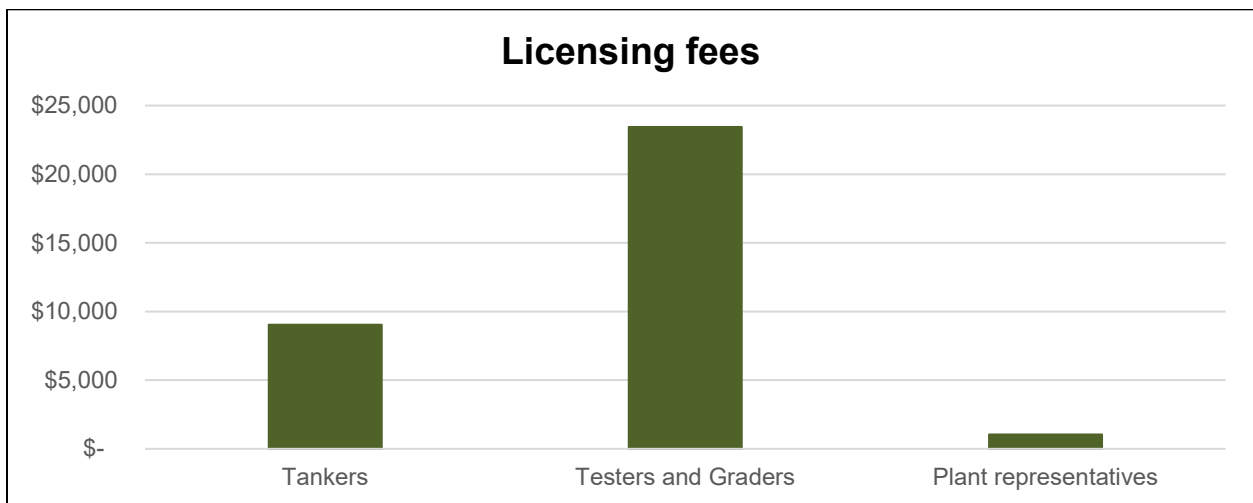
In South Dakota there are two Interstate Milk Shippers (IMS) listed single service plants producing containers for milk packaging, and three receiving stations receiving and holding milk until it can be transported for further processing. These facilities pay inspection fees to DANR. Additionally, there are 10 milk buyers, 61 milk distributors, 69 out-of-state plants, five in-state milk plants with a capacity >500,000lbs, one with capacity 100,000-500,000lbs, and 11 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 DANR, assesses Grade A farms and plants every 24 months, to evaluate the local inspector. Additionally, the U.S. Food and Drug Administration (FDA) performs checks at Grade A farms and plants to evaluate the state survey officer and local inspector. Twenty-six check ratings were conducted with compliance within the IMS listing by our state survey officer. Six check ratings were conducted by FDA.

Licensing Fees

In addition, fees are collected from those involved in the shipping and transport of milk from the farm to plants. DANR uses those funds to conduct testing and inspections of those involved in this process. In FY 2021, 176 truck tanker inspections were conducted. There are currently 364 licensed testers and graders (246 milk haulers, 106 samplers, 12 lab technicians), and 17 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. Total milk produced by South Dakota farmers was 3.308 billion pounds.

The charts below show the RMA collected and the pounds of milk assessed per month for FY 2021:

