

SOUTH DAKOTA
DEPARTMENT OF AGRICULTURE AND
NATURAL RESOURCES

DAIRY INSPECTION FUND ANNUAL REPORT

FY 2022



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 Program Statistics

The DANR Dairy Program permits and licenses various components of the dairy industry. A list of the types and number of permits and licenses issued to the dairy industry is included below:

Permit or License	Number Issued
Grade A Dairy Farms	167
Manufacturing Grade Dairy Farms	3
In-State Milk Plant <100,000 pounds/day	13
In-State Milk Plant 100,000 to 500,000 pounds/day	1
In-State Milk Plant >500,000 pounds/day	6
Single Service Manufacturers	2
Receiving and Transfer Stations	3
Bottled Raw Milk Providers	2
Pasteurization Units	35
Milk Truck Tankers	261
Bulk Haulers	260
Milk Samplers	106
Cream Tester Graders	17
Dairy Field Representatives	17
Out-of-State Milk Plants	68
Milk Distributors	62
Milk Buyers	9

The number of dairy farm inspections completed by the DANR in FY 2022 is included below:

Type of Inspection	Number of Inspections
Grade A Dairy Farm Inspections	416
Manufactured Grade Dairy Farm Inspections	3
Grade A Reinspections	34
Manufactured Grade Dairy Farm Reinspections	0
Bottled Raw Milk Dairy Farm Inspections	2



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 check ratings at Grade A farms and plants to evaluate the state survey officer and local inspector. Nineteen survey ratings were conducted in accordance with the PMO by our state survey officer. Five check ratings were conducted by FDA.

Dairy Program Fees

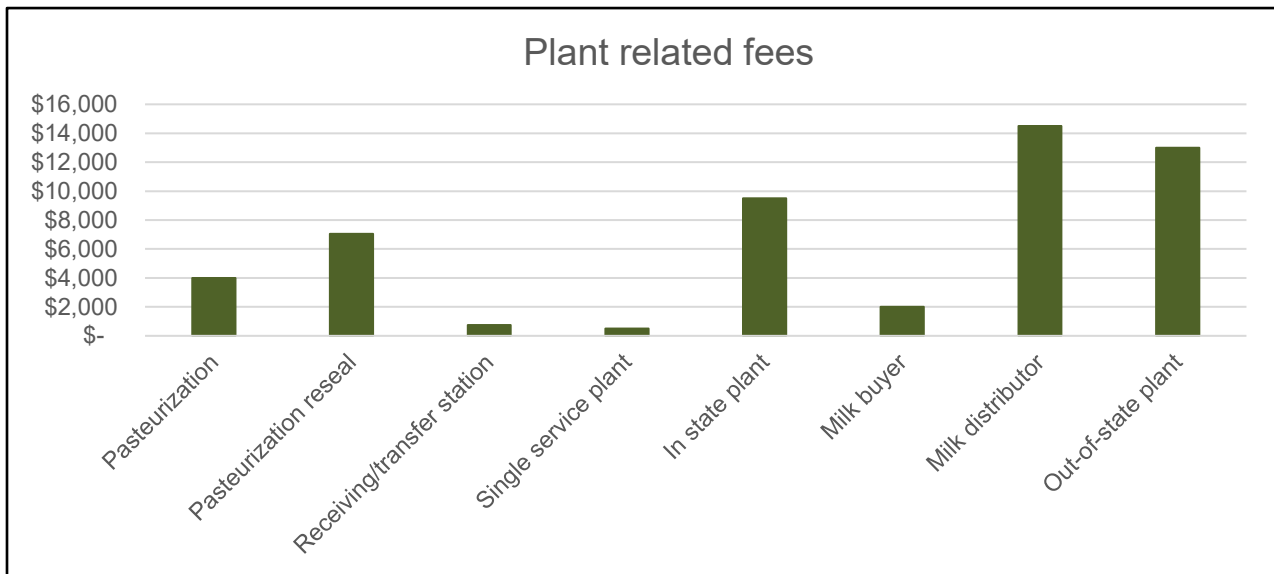
The DANR Dairy Program collects fees at various times of the fiscal year depending upon the State Codified Law and the entity. The program fees, consisting of Dairy Farm fees, Dairy Plant Fees, Licensing Fees, and the Raw Milk Assessment Fees, are placed in the DANR Dairy Inspection Fund and are collected to support the work to regulate and inspect the dairy industry as required in SDCL 40-32, 39-6, 39-8, and ARSD 12:17, 12:05, 12:11, 12:81.

Dairy Farm Fees

Several dairy farm fees are collected from the dairy industry and placed in the dairy inspection fund. The fees collected from industry are used to fund inspections of dairy farms. DANR collected \$22,200 in Grade A Farm Inspection fees, \$11,200 in Grade A Farm Reinspection fees, \$100 in Grade B Farm Inspection fees, \$0 in Grade B Farm Reinspection fees, \$1,400 in Survey fees, \$100 in Raw Milk Inspection fees, and \$0 in Raw Milk Reinspection fees.

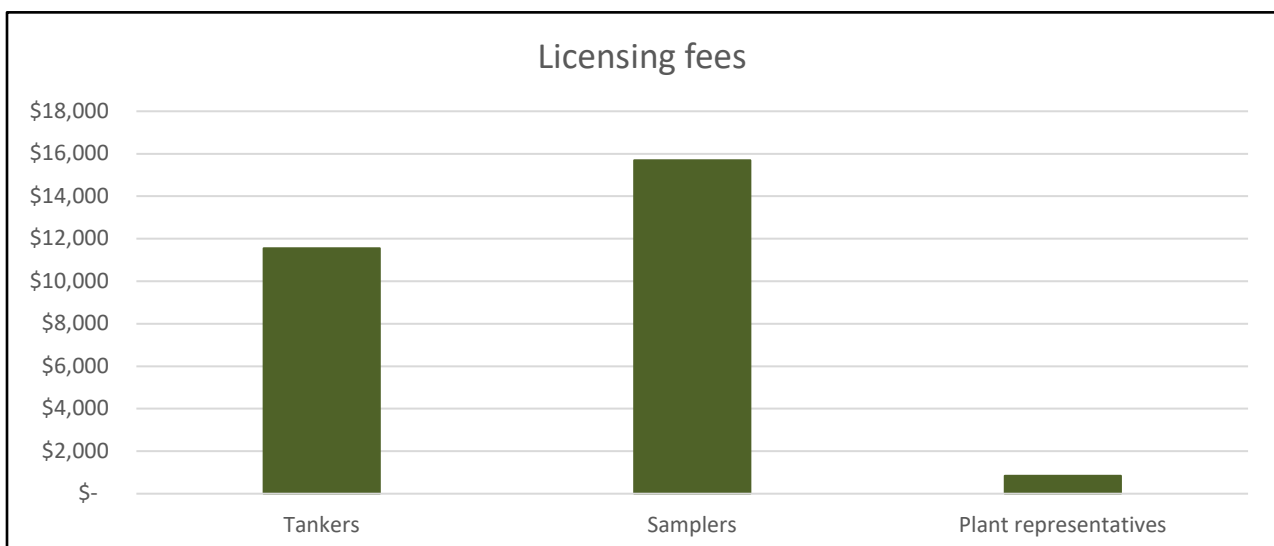
Dairy Plant Fees

DANR also collects fees from dairy processing plants. These fees are placed in the dairy inspection fund and are used to fund inspections of dairy plants. In addition to the annual license and permit fees, a pasteurization unit resealing fee is assessed and collected when a plant must break a pasteurization unit seal to fix equipment and the equipment must be resealed by DANR. In FY 2022, 47 pasteurization unit re-sealing fees were collected. A graph with the breakdown of the fees collected from dairy plants in FY 2022 is included below:



Licensing Fees

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 2022, 199 milk truck tanker inspections were conducted. 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 raw milk assessment fees collected are used to fund inspections of dairy farms. In FY 2022, total milk produced by South Dakota farmers was 3.896 billion pounds.

The charts below show the RMA collected and the pounds of milk assessed per month for FY 2022:

