

State of South Dakota

NINETY-SECOND SESSION
LEGISLATIVE ASSEMBLY, 2017

400Y0583

SENATE BILL NO. 172

Introduced by: The Committee on Appropriations at the request of the Office of the Governor

1 FOR AN ACT ENTITLED, An Act to authorize the South Dakota Building Authority to
2 provide for the construction of and improvements to the State Animal Disease Research and
3 Diagnostic Laboratory and infrastructure at South Dakota State University, to increase and
4 establish certain agricultural fees, to transfer certain funds, to make an appropriation, and
5 to declare an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

7 Section 1. That the code be amended by adding a NEW SECTION to read:

8 It is in the public interest that the South Dakota Building Authority contract for the
9 construction, completion, reconstruction, renovation, demolition, modernization, furnishing and
10 equipping of facilities and related infrastructure at the State Animal Disease Research and
11 Diagnostic Laboratory on the campus of South Dakota State University, including buildings,
12 fixtures, plumbing, water, sewer, electric upgrades, domestic water treatment systems, site
13 preparation, construction of facilities, improvements to the outside of the facilities, landscaping
14 the grounds of the facilities, architectural, engineering, and bonding services. The building
15 authority may finance this project, including the issuance of revenue bonds not to exceed



1 forty-six million two hundred thousand dollars, in accordance with this Act and chapter 5-12.

2 Section 2. That the code be amended by adding a NEW SECTION to read:

3 No indebtedness, bond, or obligation incurred or created authorized pursuant to sections 1
4 to 5, inclusive, of this Act may be or may become a lien, charge, or liability against the state,
5 nor against the property or funds of the state within the meaning of the Constitution or laws of
6 South Dakota.

7 Section 3. That the code be amended by adding a NEW SECTION to read:

8 The South Dakota Building Authority may accept any funds obtained from gifts,
9 contributions, or other sources for the purposes stated in section 1 of this Act.

10 Section 4. That the code be amended by adding a NEW SECTION to read:

11 The Animal Industry Board may make and enter into a lease agreement with the South
12 Dakota Building Authority and make rental payments under the terms of the lease agreement,
13 pursuant to chapter 5-12, from appropriations to be made by the Legislature for the payment of
14 rent to support the construction, completion, reconstruction, renovation, demolition, furnishing,
15 and equipping of the project authorized in section 1 of this Act, and payment of revenue bonds
16 issued pursuant to this Act. The state animal disease research and diagnostic laboratory bond
17 redemption and operations fund, established by section 6 of this Act, shall be used to pay lease
18 rental amounts to the building authority, as applicable.

19 Section 5. That the code be amended by adding a NEW SECTION to read:

20 Upon receipt of payment of the balance of rental payments made under the terms of any
21 lease entered into pursuant to section 4 of this Act, the South Dakota Building Authority shall
22 convey the leased property improvements at the State Animal Disease Research and Diagnostic
23 Laboratory to South Dakota State University pursuant to § 5-12-15.

24 Section 6. That the code be amended by adding a NEW SECTION to read:

1 There is hereby created the state animal disease research and diagnostic laboratory bond
2 redemption and operations fund. Interest earned on money in the fund shall be deposited in the
3 fund. The fund shall be administered by the Animal Industry Board.

4 Section 7. That § 39-14-43 be amended to read:

5 39-14-43. An inspection fee established in rules promulgated by the secretary of agriculture
6 pursuant to chapter 1-26, but not to exceed ~~twenty-four~~ fifty-seven cents per ton, shall be paid
7 on commercial feeds distributed in this state by the person who distributes the commercial feed
8 to the consumer subject to the following:

- 9 (1) No fee need be paid on a commercial feed if the payment has been made by a
10 previous distributor;
- 11 (2) No fee need be paid on customer-formula feeds;
- 12 (3) No fee need be paid on commercial feeds used as ingredients for the manufacture of
13 commercial feeds provided the fee has been paid by a previous distributor. If the fee
14 has been paid, credit is given for the payment;
- 15 (4) In the case of a pet food which is distributed in the state only in packages of ten
16 pounds or less, ~~a biennial~~ an annual fee of ~~fifty~~ one hundred fifty dollars per product
17 shall be paid in lieu of the inspection fee specified above;
- 18 (5) In the case of a specialty pet food which is distributed in the state only in packages
19 of ten pounds or less, ~~a biennial~~ an annual fee of ~~twenty-five~~ seventy-five dollars per
20 product shall be paid in lieu of the inspection fee specified above; and
- 21 (6) The minimum inspection fee shall be twenty dollars per twelve-month period.

22 Section 8. That ARSD 12:53:01:13 be amended to read:

23 12:53:01:13. Commercial feed tonnage inspection fee. Subject to the provisions and
24 exceptions in SDCL 39-14-43 and 39-14-45, the tonnage inspection fee for commercial feeds

1 is ~~two~~ fifty-seven cents a ton.

2 Section 9. That the code be amended by adding a NEW SECTION to read:

3 If the annual tonnage inspection fee on commercial feeds as authorized in § 39-14-43 is set
4 at fifty-seven cents per ton, an amount equal to fifty-five cents per ton shall be deposited into
5 the state animal disease research and diagnostic laboratory bond redemption and operations
6 fund, established by section 6 of this Act. The money shall be transferred to the general fund
7 coinciding with the general fund bond payments for the State Animal Disease Research and
8 Diagnostic Laboratory.

9 Section 10. That the code be amended by adding a NEW SECTION to read:

10 An amount equal to one hundred twenty-five dollars per product on pet food and sixty-two
11 dollars and fifty cents per product on specialty pet food, as provided in § 39-14-43, shall be
12 deposited into the state animal disease research and diagnostic laboratory bond redemption and
13 operations fund established by section 6 of this Act. The money shall be transferred to the
14 general fund coinciding with the general fund bond payments for the State Animal Disease
15 Research and Diagnostic Laboratory, as well as annual maintenance, operations, and repair of
16 the State Animal Disease Research and Diagnostic Laboratory.

17 Section 11. That § 39-14-45 be amended to read:

18 39-14-45. ~~Fees~~ Any fee collected pursuant to §§ 39-14-40.1, 39-14-43, and 39-14-44 that
19 is not dedicated to the state animal disease research and diagnostic laboratory bond redemption
20 and operations fund shall be remitted at the end of each month to the state treasurer for deposit
21 in the feed and remedy fund which is hereby established in the state treasury. ~~This~~ The feed and
22 remedy fund shall consist of moneys from public and private sources including legislative
23 appropriations, federal grants, gifts, and the fees received pursuant to this chapter. The feed and
24 remedy fund shall be maintained separately and be administered by the department in order to

defray the expenses of all activities associated with administering the feed and remedy program. Expenditures from the feed and remedy fund shall be appropriated through the normal budget process. Unexpended funds and interest shall remain in the feed and remedy fund until appropriated by the Legislature.

Section 12. That ARSD 12:68:07:04 be amended to read:

12:68:07:04. Minimum veterinary inspection fees. The minimum inspection fees are as follows:

- (1) Cattle, 15 cents a per head;
- (2) Horses, 25 cents a per head;
- (3) Hogs, 10 cents a per head; and
- (4) Sheep and goats, 10 cents a per head.

In addition to the fees listed above, a fee of 30 cents per head for cattle, horses, hogs, sheep, and goats shall be collected and credited to the state animal disease research and diagnostic laboratory bond redemption and operations fund established pursuant to section 6 of this Act.

Section 13. That § 39-18-3 be amended to read:

39-18-3. Before being distributed in South Dakota, each animal remedy, ~~except any animal remedy that is manufactured and distributed under license from and under the supervision of the United States Department of Agriculture,~~ shall be registered by the manufacturer or the person responsible for distributing ~~such~~ the animal remedy.

Section 14. That § 39-18-8 be amended to read:

39-18-8. Upon approval by the secretary of agriculture, a copy of the registration of an animal remedy shall be forwarded to the applicant. All registrations are on a ~~biennial~~ annual basis, expiring the thirty-first day of December of the year after the date of registration. ~~A biennial~~ An annual registration fee of ~~twenty-five~~ seventy-five dollars for each product shall be

1 paid to the secretary upon application for registration.

2 Section 15. That § 39-18-9 be amended to read:

3 39-18-9. All ~~funds collected by the secretary of agriculture under this chapter of the~~
4 registration fee paid pursuant to § 39-18-8 on any animal remedy manufactured and distributed
5 under license from and under the supervision of the United States Department of Agriculture
6 shall be deposited into the state animal disease research and diagnostic laboratory bond
7 redemption and operations fund and used to retire bonds issued for the State Animal Disease
8 Research and Diagnostic Laboratory.

9 Twelve dollars and fifty cents of the animal remedy registration fee paid pursuant to § 39-
10 18-8 on any animal remedy not manufactured and distributed under license from and under the
11 supervision of the United States Department of Agriculture shall be paid into the feed and
12 remedy fund established in § 39-14-45. The remaining sixty-two dollars and fifty cents of this
13 registration fee shall be deposited into the state animal disease research and diagnostic
14 laboratory bond redemption and operations fund.

15 Section 16. That the code be amended by adding a NEW SECTION to read:

16 A poultry health fee shall be assessed on all poultry brought into the state for commercial
17 purposes. The poultry health fee is five cents per bird. The Animal Industry Board shall collect
18 the fee from each entity receiving live poultry. All poultry health fees shall be deposited into the
19 state animal disease research and diagnostic laboratory bond redemption and operations fund
20 and used to retire bonds issued for the State Animal Disease Research and Diagnostic
21 Laboratory.

22 Section 17. That § 40-32-25 be amended to read:

23 40-32-25. A milk plant or marketing organization of milk, milk products, sheep milk, or
24 goat milk that processes or markets Manufacturing Grade or Grade A milk shall pay an

1 inspection service fee for each dairy farm. The inspection fee shall be one hundred dollars per
2 Grade A or fifty dollars per Manufacturing Grade dairy farm and be paid semiannually by July
3 first and January first to the secretary. ~~In addition, beginning on January 1, 2010, each~~ Each milk
4 buyer shall pay a monthly raw milk assessment fee on all milk purchased from South Dakota
5 producers, which shall be paid by the beginning of each month to the secretary. The secretary
6 of agriculture shall promulgate rules, pursuant to chapter 1-26, to establish the raw milk
7 assessment fee which may not exceed ~~one cent~~ one and one-tenth cents per hundredweight on
8 all milk purchased.

9 Section 18. That § 40-32-29 be amended to read:

10 40-32-29. Funds collected pursuant to this chapter shall be deposited with the state treasurer
11 in a special fund known as the dairy inspection fund. ~~Expenditures of these~~ However, the
12 department shall annually transfer thirty-six percent of raw milk assessment fee to the state
13 animal disease research and diagnostic laboratory bond redemption and operations fund. The
14 expenditure of dairy inspection funds shall be made pursuant to provisions of chapter 4-7; and
15 may not to exceed sixty percent of the total dairy program budget. The department shall provide
16 the dairy industry and the Legislature an annual report of the previous year's activities.

17 Section 19. That ARSD 12:05:15:01 be amended to read:

18 12:05:15:01. Raw milk assessment fee. Each licensed milk buyer in the state shall pay to
19 the secretary on or before the 15th of each month a fee of ~~0.7 of a cent~~ 1.1 cents per hundred
20 weight of all milk purchased from producers within the state the previous month. Funds
21 collected pursuant to this section shall be deposited in the dairy inspection fund established
22 pursuant to SDCL 40-32-29.

23 Section 20. That the code be amended by adding a NEW SECTION to read:

24 There is hereby transferred from the Board of Regents budgeted other funds seven million

1 five hundred thousand dollars (\$7,500,000), or so much thereof as may be necessary, to the state
2 animal disease research and diagnostic laboratory bond redemption and operations fund
3 established by section 6 of this Act for the construction, reconstruction, renovation, demolition,
4 and modernization of facilities and related infrastructure at the State Animal Disease Research
5 and Diagnostic Lab on the campus of South Dakota State University.

6 Section 21. There is hereby appropriated from the general fund the sum of five million
7 dollars (\$5,000,000), or so much thereof as may be necessary, to the state animal disease
8 research and diagnostic laboratory bond redemption and operations fund established by section 6
9 of this Act for the construction, reconstruction, renovation, demolition, and modernization of
10 facilities and related infrastructure at the State Animal Disease Research and Diagnostic
11 Laboratory on the campus of South Dakota State University.

12 Section 22. There is hereby appropriated the sum of twelve million five hundred thousand
13 dollars (\$12,500,000) in other fund expenditure authority, or so much thereof as may be
14 necessary, to the Animal Industry Board for expenditure of funds from the state animal disease
15 research and diagnostic laboratory bond redemption and operations fund for the construction,
16 reconstruction, renovation, demolition, and modernization of facilities and related infrastructure
17 at the State Animal Disease Research and Diagnostic Laboratory on the campus of South Dakota
18 State University.

19 Section 23. That the code be amended by adding a NEW SECTION to read:

20 The design and construction of improvements shall be under the general charge and
21 supervision of the Bureau of Administration as provided in § 5-14-2.

22 Section 24. The Animal Industry Board shall approve vouchers and the state auditor shall
23 draw warrants to pay expenditures authorized by this Act.

24 Section 25. Any amounts appropriated in this Act not lawfully expended or obligated shall

1 revert in accordance with the procedures prescribed in chapter 4-8.

2 Section 26. The provisions of sections 8, 9, 12, 15, 16, 18, and 19 of this Act are repealed
3 on the first day of the month following a determination of the Animal Industry Board that bonds
4 issued pursuant to sections 1 to 5 inclusive, of this Act are satisfied and paid in full. The
5 provisions that were in effect before the amendments were made by sections 8, 12, 15, 18, and
6 19 of this Act are restored unless the Legislature has clearly expressed a contrary intent.

7 Section 27. Sections 7 to 20, inclusive, of this Act, are effective on July 1, 2017.

8 Section 28. Sections 1 to 6, inclusive, and sections 21 to 25, inclusive, of this Act, are
9 effective on April 1, 2017.

10 Section 29. Whereas, this Act is necessary for the support of the state government and its
11 existing public institutions, an emergency is hereby declared to exist, and this Act shall be in
12 full force and effect from and after its passage and approval.