

APR 11 1988

WAYS & MEANS CALENDAR

HOUSE FILE 2471

BY COMMITTEE ON WAYS AND MEANS
HSB 816
(Formerly House File 2429)

Passed House, Date 4/14/88 (p. 1868) Passed Senate, Date 4/15/88 (p. 1624)

Vote: Ayes 96 Nays 0 Vote: Ayes 48 Nays 2

Approved May 4, 1988

A BILL FOR

1 An Act relating to regulation of milk production and marketing by
2 creating a fund for administration and appropriating the
3 moneys in the fund, providing for inspection, raising fees
4 relating to the milk industry, and providing for the
5 establishment of milk production and processing standards.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2471

1 Section 1. Section 192.8, subsection 7, Code 1987, is
2 amended by striking the subsection, inserting in lieu thereof
3 the following, and renumbering subsequent subsections:

4 7. A "milk plant" is any place where milk or milk products
5 are collected, handled, processed, stored, pasteurized,
6 aseptically processed, bottled, or prepared for distribution.

7 8. A "receiving station" is any place where raw milk is
8 received, collected, handled, stored, or cooled and prepared
9 for further transporting.

10 Sec. 2. Section 192.11, unnumbered paragraphs 4 and 5,
11 Code 1987, are amended to read as follows:

12 Each dairy farm, milk plant, receiving station, and
13 transfer station whose milk or milk products are intended for
14 consumption as grade "A" pasteurized milk and milk products
15 shall be inspected by the secretary prior to the issuance of
16 the permit provided for in section 192.5. However, if any a
17 person, including a municipal corporation, makes application
18 to the secretary for authority to may conduct such
19 inspections, ~~the secretary, upon finding that such municipal~~
20 ~~corporation has qualified personnel to perform the same, shall~~
21 ~~enter into agreements with the municipal corporation providing~~
22 ~~for such inspection if authorized by an agreement under~~
23 section 192.48. Inspection by either the secretary or
24 ~~approved municipal corporation~~ a person acting under an
25 agreement pursuant to section 192.48, including a municipal
26 corporation, or a person acting under a sub-agreement with a
27 municipal corporation shall be acceptable for issuance of such
28 permit by the secretary or municipal corporation making or
29 entering into an agreement or sub-agreement for the
30 inspection.

31 When ~~inspections are conducted and~~ permits are issued by a
32 municipal corporation under this chapter, in a manner which
33 the secretary deems consistent with the provisions of the
34 agreement, this chapter and chapters 190 and 191, as evidenced
35 by the annual survey by the Iowa department of public health

1 provided for in section 192.31, the secretary shall accept
2 such procedures in lieu of administration of the provisions of
3 said chapters by the state, within the jurisdiction involved.
4 In the event the ~~survey-required-in-section-192-31-indicates~~
5 secretary finds that a municipal corporation is acting in a
6 manner which is inconsistent with the provisions of the
7 agreement or said chapters, the secretary may revoke the
8 agreement with the municipal corporation after notice and
9 hearing, in the manner described for permit revocation in
10 section 192.5 and perform such acts as are necessary to
11 regulate grade "A" milk and milk products in such jurisdiction
12 in conformity herewith.

13 Sec. 3. Section 192.30, unnumbered paragraph 1, Code 1987,
14 is amended to read as follows:

15 This chapter and chapters 190 and 191 shall be enforced by
16 the secretary or municipal corporations, which have entered
17 into agreements with the secretary under ~~section~~ sections
18 192.11 and 192.48, both of whom shall make regulations which
19 shall conform to the Grade "A" Pasteurized Milk Ordinance with
20 Administrative Procedures -- 1978 Recommendations of the
21 United States Public Health Service, a certified copy of which
22 shall be on file at the secretary's office or the office of
23 the clerk of an authorized municipal corporation. Where the
24 mandatory compliance with provisions of the appendixes therein
25 is specified, the provisions shall be deemed a requirement of
26 the chapters.

27 Sec. 4. Section 192.40, Code 1987, is amended to read as
28 follows:

29 192.40 FEES.

30 A license, unless earlier revoked, is valid until July 1
31 after the date of its issuance. The maximum fee for each a
32 license shall-be-three is twenty-five dollars, which shall be
33 paid before the license is issued, and standard test bottles
34 and pipettes shall be furnished at actual cost. Fees
35 collected under this section shall be deposited in the milk

1 fund established in section 192.47.

2 Sec. 5. NEW SECTION. 192.47 INSPECTION FEES AND MILK
3 FUND.

4 1. Except as otherwise provided in this section, a milk
5 plant which is not a receiving station shall pay an inspection
6 fee not greater than one thousand dollars per year. A
7 transfer station shall pay an inspection fee not greater than
8 two hundred dollars per year. A milk hauler shall pay an
9 inspection fee not greater than twenty-five dollars per year.
10 The secretary shall fix the fees annually. The fees shall be
11 paid on July 1 of each year.

12 2. A purchaser of milk from a grade "A" milk producer
13 shall pay an inspection fee not greater than one point five
14 cents per hundredweight. The fee shall be payable monthly to
15 the secretary in a manner prescribed by the secretary. A fee
16 imposed under this subsection shall not be paid on milk
17 subject to inspection by a municipal corporation pursuant to
18 section 192.11.

19 3. a. Fees collected under this section and moneys
20 appropriated to the department for dairy control shall be
21 deposited in the milk fund which is established in the office
22 of the treasurer of state. All moneys deposited in the milk
23 fund are appropriated for the costs of inspection, sampling,
24 analysis, and other expenses necessary for the administration
25 of this chapter and chapters 194 and 195. All moneys in the
26 milk fund are subject to audit by the auditor of state. The
27 milk fund is subject at all times to warrants by the director
28 of revenue and finance, drawn upon written requisition of the
29 secretary. Notwithstanding section 8.33, moneys, including
30 interest earned, in the milk fund shall remain from year to
31 year and shall not revert to the general fund.

32 b. If there is an unencumbered balance of funds in the
33 milk fund on June 30 of any fiscal year equal to or exceeding
34 one hundred fifty thousand dollars, the secretary shall reduce
35 the fees provided for in section 192.47, subsection 2 and

1 section 194.21 for the next fiscal year in an amount which
2 will result in an ending estimated balance for June 30 of the
3 next fiscal year of one hundred fifty thousand dollars.

4 Sec. 6. NEW SECTION. 192.48 INSPECTIONS REQUIRED,
5 AGREEMENTS.

6 The department shall be responsible for the inspection of a
7 dairy farm, milk plant, or transfer station to ensure
8 compliance with this chapter and chapters 190 and 191.
9 Whenever practical, the department shall enter into an
10 agreement with a person, including but not limited to a
11 municipal corporation, qualified to perform inspection
12 services if the agreement for the services is cost-effective
13 and the quality of inspection assures compliance with state
14 and federal law. A person entering into an agreement with the
15 secretary or a person entering into a sub-agreement with an
16 authorized municipal corporation for the purpose of inspecting
17 premises, taking samples, or testing samples, shall be deemed
18 to be an agent of the secretary or municipal corporation, and
19 have the same authority under this chapter provided to the
20 secretary or authorized municipal corporation, unless the
21 agreement or sub-agreement specifies otherwise. The
22 department shall review inspection services performed by a
23 person under an agreement with the department or sub-agreement
24 with a municipal corporation to ensure quality cost-effective
25 inspections. If a person is acting in a manner which is
26 inconsistent with the provisions of the applicable chapter,
27 agreement, or sub-agreement, the secretary or municipal
28 corporation entering into the agreement or sub-agreement with
29 the person may revoke the agreement or sub-agreement with the
30 person after notice and hearing, in the manner described for
31 permit revocation in section 192.5 and perform such acts as
32 are necessary to enforce this chapter.

33 Sec. 7. Section 194.2, Code 1987, is amended by adding the
34 following new unnumbered paragraph:

35 NEW UNNUMBERED PARAGRAPH. The secretary may adopt by rule

1 requirements recommended by the United States department of
2 agriculture for the production and processing of milk for
3 manufacturing purposes, including, but not limited to,
4 requirements for the inspection and certification of grade "B"
5 dairy farms and grade "B" dairy plants.

6 Sec. 8. Section 194.14, Code 1987, is amended to read as
7 follows:

8 194.14 FEE.

9 Each A license ~~shall~~, unless sooner revoked, be is valid
10 until July 1 after date of issuance. The maximum fee therefor
11 ~~shall be~~ for each license is three dollars, which shall be
12 paid before the license is issued. Fees collected under this
13 section shall be deposited in the milk fund established in
14 section 192.47.

15 Sec. 9. Section 194.19, unnumbered paragraph 1, Code 1987,
16 is amended to read as follows:

17 Every A vehicle used for the collection of milk for
18 manufacture of dairy products, ~~and persons purchasing milk for~~
19 ~~manufacture of dairy products,~~ shall first be licensed by the
20 ~~secretary of agriculture according to chapter 195~~ department.
21 A license, unless earlier revoked, is valid until July 1 after
22 the date of its issuance. The maximum fee for a license is
23 twenty-five dollars, which shall be paid before the license is
24 issued. A fee shall not be imposed under this section if the
25 vehicle or its operator has paid the fee imposed upon milk
26 haulers under section 192.47. Fees collected under this
27 section shall be deposited in the milk fund established in
28 section 192.47. This ~~shall~~ section does not apply to
29 individuals transporting their own dairy products.

30 Sec. 10. NEW SECTION. 194.21 INSPECTION FEES.

31 A purchaser of milk from a grade "B" milk producer shall
32 pay an inspection fee not greater than one half cent per
33 hundredweight. The fee is payable monthly to the secretary at
34 a time prescribed by the secretary. A fee imposed by this
35 section shall not be paid on milk subject to inspection by a

1 municipal corporation pursuant to section 192.11. Fees
2 collected under section 192.47, subsection 2 and this section
3 shall be deposited in the milk fund established in section
4 192.47.

5 | Sec. 11. Section 195.9, Code 1987, is amended to read as
6 follows:

7 195.9 TENURE -- FEE.

8 Each A license ~~shall~~, unless sooner revoked, be is valid
9 until July 1 after the date of its issuance. The maximum fee
10 ~~therefor shall be three~~ for a license is twenty-five dollars
11 which shall be paid before the license is issued. Fees
12 collected under this section shall be deposited in the milk
13 fund established in section 192.47.

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EXPLANATION

15 This bill creates a milk fund in the state treasurer's
16 office. Moneys in the fund will pay for inspection of dairy
17 facilities and other expenses necessary for the administration
18 of chapters 192, 194, and 195.

19 The milk fund will be partially funded with licensure and
20 inspection fees imposed upon the dairy industry. The bill
21 imposes a maximum annual fee of one thousand dollars upon milk
22 plants, two hundred dollars upon transfer stations, and
23 twenty-five dollars upon milk haulers and graders. The bill
24 also imposes upon the purchasers of milk from milk producers a
25 maximum inspection fee of one point five cents per
26 hundredweight on grade "A" milk and point five cents per
27 hundredweight on grade "B" milk. The secretary of agriculture
28 must reduce all fees if the unencumbered balance in the milk
29 fund exceeds one hundred fifty thousand dollars at the end of
30 the fiscal year.

31 The bill authorizes the secretary to adopt by rule
32 requirements recommended by the United States department of
33 agriculture for the production and processing of milk for
34 manufacturing purposes. The bill also repeals the operating
35 licenses required by chapter 195 for creameries, cream

1 stations, vehicles, and cheese factories. These licenses are
2 repealed because they duplicate other licenses.

3 The bill provides for the inspection of dairy facilities by
4 the department. It also provides that whenever practical and
5 cost-effective the department of agriculture and land
6 stewardship shall enter into agreements with qualified
7 persons, including municipal corporations, and municipal
8 corporations may enter into sub-agreements with qualified
9 persons, to provide services relating to inspection of dairy
10 farms, milk plants, or transfer stations.

11 SIMILAR TO HF 2429(LSB 8364HV)

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HOUSE FILE 2471
FISCAL NOTE

In compliance with a written request received April 11, 1988, a fiscal note for HOUSE FILE 2471 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2471 relates to the regulation of milk production and marketing by creating a fund for administration and appropriation of the moneys in the fund, raising fees relating to the milk industry, providing for the establishment of milk production and processing standards recommended by the United States Department of Agriculture, providing for the inspection of dairy facilities by the department, and that whenever practical and cost-effective the Department shall enter into agreements with qualified persons, including municipal corporations, and municipal corporations may enter into sub-agreements with qualified persons, to provide services relating to inspection of dairy farms, milk plants, or transfer stations.

House File 2471 imposes a maximum annual fee of \$1,000 upon milk plants, \$200 upon transfer stations, and \$25 upon milk haulers and graders. A maximum inspection fee is also imposed upon the purchasers of milk from milk producers of \$0.015 per hundredweight on grade "A" milk and \$0.005 per hundredweight on grade "B" milk. All of these fees are deposited in a milk fund in the State Treasurer's Office to pay for the inspection of dairy facilities and other expenses necessary for the administration of Chapters 192, 194, and 195, Code of Iowa.

FISCAL EFFECT

The Department of Agriculture and Land Stewardship estimates that House File 2471 will decrease dairy fees by \$64,555 in FY 1989. The decrease in dairy fees is due to the lowering of grade "A" milk inspection fees from \$0.02 per hundredweight to \$0.015 per hundredweight. There currently is not an inspection fee on grade "B" milk, however, the increase to \$0.005 per hundredweight will not make up for the decrease in the fee charged for grade "A" inspections.

ASSUMPTIONS

1. Milk weights will remain the same.
2. Appropriated funds will remain.
3. Dairy farms will stabilize.
4. Grade "A" and grade "B" dairy farms and plants will both be paying inspection fees.
5. Will bring hauler license fees in line with those charged in bordering states.
6. Every grade "B" farm will be inspected as well as grade "A" farms.

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(dollars in thousands)

| | Fiscal Year 1989 | | | Fiscal Year 1990 | | |
|----------------------------|------------------|--------------|---------------------|------------------|--------------|---------------------|
| | Current Law | Proposed Law | Increase (Decrease) | Current Law | Proposed Law | Increase (Decrease) |
| <u>REVENUE</u> | | | | | | |
| General Fund | \$ 158.3 | \$ 158.3 | \$ 0 | \$ 158.3 | \$ 158.3 | \$ 0 |
| Dairy Fees | 494.0 | 429.4 | (64.6) | 494.0 | 429.4 | (64.6) |
| Total | \$ 652.3 | \$ 587.7 | \$ (64.6) | \$ 652.3 | \$ 587.7 | \$ (64.6) |
| <u>EXPENDITURES</u> | | | | | | |
| Salaries | \$ 230.6 | \$ 230.6 | \$ 0 | \$ 207.6 | \$ 207.6 | \$ 0 |
| Support | 17.5 | 17.5 | 0 | 17.5 | 17.5 | 0 |
| Capital Outlay | 56.8 | 56.8 | 0 | 49.3 | 49.3 | 0 |
| Contract Lab & Inspections | 339.5 | 339.5 | 0 | 353.0 | 353.0 | 0 |
| Total | \$ 644.4 | \$ 644.5 | \$ 0 | \$ 627.4 | \$ 627.4 | \$ 0 |
| NET EFFECT | \$ 7.9 | \$ (56.8) | \$ (48.9) | \$ 24.9 | \$ (39.7) | \$ (14.8) |

SOURCE: Department of Agriculture and Land Stewardship (LSB 8364h.2, JKH)

FILED APRIL 12, 1988

BY DENNIS PROUTY, FISCAL DIRECTOR

HSR 816

Agriculture

MWB

HOUSE FILE 2429 247
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to regulation of milk production and marketing by
2 creating a fund for administration and appropriating the
3 moneys in the fund, raising fees relating to the milk
4 industry, and providing for the establishment of milk
5 production and processing standards.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 192.8, subsection 7, Code 1987, is
2 amended by striking the subsection, inserting in lieu thereof
3 the following, and renumbering subsequent subsections:

4 7. A "milk plant" is any place where milk or milk products
5 are collected, handled, processed, stored, pasteurized,
6 aseptically processed, bottled, or prepared for distribution.

7 8. A "receiving station" is any place where raw milk is
8 received, collected, handled, stored, or cooled and prepared
9 for further transporting.

10 Sec. 2. Section 192.40, Code 1987, is amended to read as
11 follows:

12 192.40 FEES.

13 A license, unless earlier revoked, is valid until July 1
14 after the date of its issuance. The maximum fee for each a
15 license shall-be-three is twenty-five dollars, which shall be
16 paid before the license is issued, and standard test bottles
17 and pipettes shall be furnished at actual cost. Fees
18 collected under this section shall be deposited in the milk
19 fund established in section 192.47.

20 Sec. 3. NEW SECTION. 192.47 INSPECTION FEES AND MILK
21 FUND.

22 1. Except as otherwise provided in this section, a milk
23 plant which is not a receiving station shall pay an inspection
24 fee not greater than one thousand dollars per year. A
25 transfer station shall pay an inspection fee not greater than
26 two hundred dollars per year. A milk hauler shall pay an
27 inspection fee not greater than twenty-five dollars per year.
28 The secretary shall fix the fees annually. The fees shall be
29 paid on July 1 of each year.

30 2. A purchaser of milk from a grade "A" milk producer
31 shall pay an inspection fee not greater than one point five
32 cents per hundredweight. The fee shall be payable monthly to
33 the secretary in a manner prescribed by the secretary. A fee
34 imposed under this subsection shall not be paid on milk
35 subject to inspection by a municipal corporation pursuant to

1 section 192.11.

2 3. a. Fees collected under this section shall be
3 deposited in the milk fund which is established in the office
4 of the treasurer of state. All moneys deposited in the milk
5 fund are appropriated for the costs of inspection, sampling,
6 analysis, and other expenses necessary for the administration
7 of this chapter and chapters 194 and 195. All moneys in the
8 milk fund are subject to audit by the auditor of state. The
9 milk fund is subject at all times to warrants by the director
10 of revenue and finance, drawn upon written requisition of the
11 secretary. Notwithstanding section 8.33, moneys in the milk
12 fund shall remain from year to year and shall not revert to
13 the general fund.

14 b. If there is an unencumbered balance of funds in the
15 milk fund on June 30 of any fiscal year equal to or exceeding
16 one hundred fifty thousand dollars, the secretary shall reduce
17 the fees provided for in subsections 1 and 2, and in sections
18 192.40, 194.14, 194.19, 194.21, and 195.9 for the next fiscal
19 year in an amount which will result in an ending estimated
20 balance for June 30 of the next fiscal year of one hundred
21 fifty thousand dollars.

22 Sec. 4. Section 194.2, Code 1987, is amended by adding the
23 following new unnumbered paragraph:

24 NEW UNNUMBERED PARAGRAPH. The secretary may adopt by rule
25 requirements recommended by the United States department of
26 agriculture for the production and processing of milk for
27 manufacturing purposes, including, but not limited to,
28 requirements for the inspection and certification of grade "B"
29 dairy farms and grade "B" dairy plants.

30 Sec. 5. Section 194.14, Code 1987, is amended to read as
31 follows:

32 194.14 FEE.

33 ~~Each~~ A license shall, unless sooner revoked, be is valid
34 until July 1 after date of issuance. The maximum fee therefor
35 ~~shall-be~~ for each license is three dollars, which shall be

1 paid before the license is issued. Fees collected under this
2 section shall be deposited in the milk fund established in
3 section 192.47.

4 Sec. 6. Section 194.19, unnumbered paragraph 1, Code 1987,
5 is amended to read as follows:

6 Every A vehicle used for the collection of milk for
7 ~~manufacture of dairy products, and persons purchasing milk for~~
8 ~~manufacture of dairy products,~~ shall first be licensed by the
9 ~~secretary of agriculture according to chapter 195~~ department.
10 A license, unless earlier revoked, is valid until July 1 after
11 the date of its issuance. The maximum fee for a license is
12 twenty-five dollars, which shall be paid before the license is
13 issued. A fee shall not be imposed under this section if the
14 vehicle or its operator has paid the fee imposed upon milk
15 haulers under section 192.47. Fees collected under this
16 section shall be deposited in the milk fund established in
17 section 192.47. This ~~shall~~ section does not apply to
18 individuals transporting their own dairy products.

19 Sec. 7. NEW SECTION. 194.21 INSPECTION FEES.

20 A purchaser of milk from a grade "B" milk producer shall
21 pay an inspection fee not greater than one half cent per
22 hundredweight. The fee is payable monthly to the secretary at
23 a time prescribed by the secretary. A fee imposed by this
24 section shall not be paid on milk subject to inspection by a
25 municipal corporation pursuant to section 192.11. Fees
26 collected under this section shall be deposited in the milk
27 fund established in section 192.47.

28 Sec. 8. Section 195.9, Code 1987, is amended to read as
29 follows:

30 195.9 TENURE -- FEE.

31 Each A license ~~shall~~, unless sooner revoked, be is valid
32 until July 1 after the date of its issuance. The maximum fee
33 therefor shall be three for a license is twenty-five dollars
34 which shall be paid before the license is issued. Fees
35 collected under this section shall be deposited in the milk

1 fund established in section 192.47.

2 EXPLANATION

3 This bill creates a milk fund in the state treasurer's
4 office. Moneys in the fund will pay for inspection of dairy
5 facilities and other expenses necessary for the administration
6 of chapters 192, 194, and 195.

7 The milk fund will be partially funded with licensure and
8 inspection fees imposed upon the dairy industry. The bill
9 imposes a maximum annual fee of one thousand dollars upon milk
10 plants, two hundred dollars upon transfer stations, and
11 twenty-five dollars upon milk haulers and graders. The bill
12 also imposes upon the purchasers of milk from milk producers a
13 maximum inspection fee of one point five cents per
14 hundredweight on grade "A" milk and point five cents per
15 hundredweight on grade "B" milk. The secretary of agriculture
16 must reduce all fees if the unencumbered balance in the milk
17 fund exceeds one hundred fifty thousand dollars at the end of
18 the fiscal year.

19 The bill authorizes the secretary to adopt by rule
20 requirements recommended by the United States department of
21 agriculture for the production and processing of milk for
22 manufacturing purposes. The bill also repeals the operating
23 licenses required by chapter 195 for creameries, cream
24 stations, vehicles, and cheese factories. These licenses are
25 repealed because they duplicate other licenses.

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HOUSE FILE 2471

AN ACT

RELATING TO REGULATION OF MILK PRODUCTION AND MARKETING BY
CREATING A FUND FOR ADMINISTRATION AND APPROPRIATING THE
MONEYS IN THE FUND, PROVIDING FOR INSPECTION, RAISING
FEES RELATING TO THE MILK INDUSTRY, AND PROVIDING FOR
THE ESTABLISHMENT OF MILK PRODUCTION AND PROCESSING
STANDARDS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 192.8, subsection 7, Code 1987, is amended by striking the subsection, inserting in lieu thereof the following, and renumbering subsequent subsections:

7. A "milk plant" is any place where milk or milk products are collected, handled, processed, stored, pasteurized, aseptically processed, bottled, or prepared for distribution.

8. A "receiving station" is any place where raw milk is received, collected, handled, stored, or cooled and prepared for further transporting.

Sec. 2. Section 192.11, unnumbered paragraphs 4 and 5, Code 1987, are amended to read as follows:

Each dairy farm, milk plant, receiving station, and transfer station whose milk or milk products are intended for

consumption as grade "A" pasteurized milk and milk products shall be inspected by the secretary prior to the issuance of the permit provided for in section 192.5. However, ~~if any a person, including a municipal corporation, makes application to the secretary for authority to may~~ conduct such inspections, ~~the secretary, upon finding that such municipal corporation has qualified personnel to perform the same, shall enter into agreements with the municipal corporation providing for such inspection if authorized by an agreement under section 192.48.~~ Inspection by either the secretary or ~~approved municipal corporation a person acting under an agreement pursuant to section 192.48, including a municipal corporation, or a person acting under a sub-agreement with a municipal corporation~~ shall be acceptable for issuance of such permit by the secretary or municipal corporation ~~making or entering into an agreement or sub-agreement for the inspection.~~

When ~~inspections are conducted and~~ permits are issued by a municipal corporation under this chapter, in a manner which the secretary deems consistent with the provisions of the agreement, this chapter and chapters 190 and 191, as evidenced by the annual survey by the Iowa department of public health provided for in section 192.31, the secretary shall accept such procedures in lieu of administration of the provisions of said chapters by the state, within the jurisdiction involved. In the event ~~the survey required in section 192.31 indicates~~ secretary finds that a municipal corporation is acting in a manner which is inconsistent with the provisions of the agreement or said chapters, the secretary may revoke the agreement with the municipal corporation after notice and hearing, in the manner described for permit revocation in section 192.5 and perform such acts as are necessary to regulate grade "A" milk and milk products in such jurisdiction in conformity herewith.

Sec. 3. Section 192.30, unnumbered paragraph 1, Code 1987, is amended to read as follows:

This chapter and chapters 190 and 191 shall be enforced by the secretary or municipal corporations, which have entered into agreements with the secretary under sections 192.11 and 192.48, both of whom shall make regulations which shall conform to the Grade "A" Pasteurized Milk Ordinance with Administrative Procedures -- 1978 Recommendations of the United States Public Health Service, a certified copy of which shall be on file at the secretary's office or the office of the clerk of an authorized municipal corporation. Where the mandatory compliance with provisions of the appendixes therein is specified, the provisions shall be deemed a requirement of the chapters.

Sec. 4. Section 192.40, Code 1987, is amended to read as follows:

192.40 FEES.

A license, unless earlier revoked, is valid until July 1 after the date of its issuance. The maximum fee for each a license shall be three is twenty-five dollars, which shall be paid before the license is issued, and standard test bottles and pipettes shall be furnished at actual cost. Fees collected under this section shall be deposited in the milk fund established in section 192.47.

Sec. 5. NEW SECTION. 192.47 INSPECTION FEES AND MILK FUND.

1. Except as otherwise provided in this section, a milk plant which is not a receiving station shall pay an inspection fee not greater than one thousand dollars per year. A transfer station shall pay an inspection fee not greater than two hundred dollars per year. A milk hauler shall pay an inspection fee not greater than twenty-five dollars per year. The secretary shall fix the fees annually. The fees shall be paid on July 1 of each year.

2. A purchaser of milk from a grade "A" milk producer shall pay an inspection fee not greater than one point five cents per hundredweight. The fee shall be payable monthly to the secretary in a manner prescribed by the secretary. A fee imposed under this subsection shall not be paid on milk subject to inspection by a municipal corporation pursuant to section 192.11.

3. a. Fees collected under this section and moneys appropriated to the department for dairy control shall be deposited in the milk fund which is established in the office of the treasurer of state. All moneys deposited in the milk fund are appropriated for the costs of inspection, sampling, analysis, and other expenses necessary for the administration of this chapter and chapters 194 and 195. All moneys in the milk fund are subject to audit by the auditor of state. The milk fund is subject at all times to warrants by the director of revenue and finance, drawn upon written requisition of the secretary. Notwithstanding section 8.33, moneys, including interest earned, in the milk fund shall remain from year to year and shall not revert to the general fund.

b. If there is an unencumbered balance of funds in the milk fund on June 30 of any fiscal year equal to or exceeding one hundred fifty thousand dollars, the secretary shall reduce the fees provided for in section 192.47, subsection 2 and section 194.21 for the next fiscal year in an amount which will result in an ending estimated balance for June 30 of the next fiscal year of one hundred fifty thousand dollars.

Sec. 6. NEW SECTION. 192.48 INSPECTIONS REQUIRED, AGREEMENTS.

The department shall be responsible for the inspection of a dairy farm, milk plant, or transfer station to ensure compliance with this chapter and chapters 190 and 191. Whenever practical, the department shall enter into an agreement with a person, including but not limited to a municipal corporation, qualified to perform inspection

services if the agreement for the services is cost-effective and the quality of inspection assures compliance with state and federal law. A person entering into an agreement with the secretary or a person entering into a sub-agreement with an authorized municipal corporation for the purpose of inspecting premises, taking samples, or testing samples, shall be deemed to be an agent of the secretary or municipal corporation, and have the same authority under this chapter provided to the secretary or authorized municipal corporation, unless the agreement or sub-agreement specifies otherwise. The department shall review inspection services performed by a person under an agreement with the department or sub-agreement with a municipal corporation to ensure quality cost-effective inspections. If a person is acting in a manner which is inconsistent with the provisions of the applicable chapter, agreement, or sub-agreement, the secretary or municipal corporation entering into the agreement or sub-agreement with the person may revoke the agreement or sub-agreement with the person after notice and hearing, in the manner described for permit revocation in section 192.5 and perform such acts as are necessary to enforce this chapter.

Sec. 7. Section 194.2, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The secretary may adopt by rule requirements recommended by the United States department of agriculture for the production and processing of milk for manufacturing purposes, including, but not limited to, requirements for the inspection and certification of grade "B" dairy farms and grade "B" dairy plants.

Sec. 8. Section 194.14, Code 1987, is amended to read as follows:

194.14. FEE.

Each § license shall, unless sooner revoked, be is valid until July 1 after date of issuance. The maximum fee therefor shall be three dollars, which shall be

paid before the license is issued. Fees collected under this section shall be deposited in the milk fund established in section 192.47.

Sec. 9. Section 194.19, unnumbered paragraph 1, Code 1987, is amended to read as follows:

Every A vehicle used for the collection of milk for manufacture of dairy products; ~~and persons purchasing milk for manufacture of dairy products;~~ shall first be licensed by the secretary of agriculture according to chapter 195 department. A license, unless earlier revoked, is valid until July 1 after the date of its issuance. The maximum fee for a license is twenty-five dollars, which shall be paid before the license is issued. A fee shall not be imposed under this section if the vehicle or its operator has paid the fee imposed upon milk haulers under section 192.47. Fees collected under this section shall be deposited in the milk fund established in section 192.47. This shall section does not apply to individuals transporting their own dairy products.

Sec. 10. NEW SECTION. 194.21 INSPECTION FEES.

A purchaser of milk from a grade "B" milk producer shall pay an inspection fee not greater than one half cent per hundredweight. The fee is payable monthly to the secretary at a time prescribed by the secretary. A fee imposed by this section shall not be paid on milk subject to inspection by a municipal corporation pursuant to section 192.11. Fees collected under section 192.47, subsection 2 and this section shall be deposited in the milk fund established in section 192.47.

Sec. 11. Section 195.9, Code 1987, is amended to read as follows:

195.9. TENSURE -- FEE.

Each A license shall, unless sooner revoked, be is valid until July 1 after the date of its issuance. The maximum fee therefor shall be three for a license is twenty-five dollars which shall be paid before the license is issued. Fees

collected under this section shall be deposited in the milk fund established in section 192.47.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2471, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved May 4, 1988

TERRY E. BRANSTAD
Governor