

## **BILL ANALYSIS**

C.S.H.B. 2945  
By: Cain  
Agriculture & Livestock  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Department of State Health Services regulations prohibit restaurants and retailers from buying ungraded eggs, preventing farmers from selling their ungraded eggs to such entities. This is a significant business barrier for many small farmers as eggs have a very small profit margin and the additional expense and burden for egg grading may not be justified, thereby limiting these farmers' economic opportunities. C.S.H.B. 2945 seeks to address this issue by authorizing a person who produces eggs that are produced by the person's own flock and for which the person does not claim a grade to sell up to 120 dozen ungraded eggs per week directly to consumers or at wholesale.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Department of Agriculture in SECTION 3 of this bill.

### **ANALYSIS**

C.S.H.B. 2945 amends the Agriculture Code to authorize a person who produces eggs that are produced by the person's own flock and for which the person does not claim a grade to sell up to 120 dozen ungraded eggs per week directly to consumers or at wholesale but to prohibit such a person from selling the eggs at wholesale unless the person holds a license as an ungraded dealer-wholesaler issued by the Department of Agriculture (TDA). The bill requires the license to be renewed as provided by state law for one year, and the licensed person to maintain records and to follow sanitation requirements when handling eggs sold or offered for sale at wholesale, in accordance with applicable state law. The bill requires a person who sells ungraded eggs as provided by the bill's provisions to label the cartons of eggs with a label that is legible, appears on the top panel of the carton, and contains the following:

- the word "ungraded";
- the producer's name;
- the producer's address;
- the producer's applicable license number, if the eggs are sold or offered for sale at wholesale; and
- the date the carton was packed.

C.S.H.B. 2945 prohibits rules established by TDA from requiring a person licensed to buy or sell eggs for resale to remit an inspection fee more often than annually, for a licensee required to remit less than \$360 for the year, or more often than monthly otherwise. The bill requires TDA to adopt rules consistent with this provision not later than December 1, 2023.

## **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.

## **COMPARISON OF ORIGINAL TO SUBSTITUTE**

While C.S.H.B. 2945 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute caps the number of ungraded eggs an applicable person may sell directly to consumers or at wholesale at 120 dozen ungraded eggs per week, whereas the introduced did not include a cap. The substitute includes provisions absent in the introduced that do the following:

- prohibit the person from selling the eggs at wholesale unless the person holds a license as an ungraded dealer-wholesaler issued by TDA;
- require the license to be renewed, and the licensed person to maintain records and to follow sanitation requirements when handling eggs sold or offered for sale at wholesale, in accordance with applicable state law; and
- require the carton label to contain the producer's applicable license number, if the eggs are sold or offered for sale at wholesale, and the date the carton was packed.

The substitute omits provisions present in the introduced that did the following:

- authorized the carton label information to be preprinted on the carton, printed on a label attached to the carton, or hand printed on the carton;
- prohibited the carton from displaying the name of a retailer or of a producer other than the producer whose flock produced the eggs; and
- prohibited a state agency or political subdivision from prohibiting a person who is exempt from the licensing requirement to buy or sell eggs for resale from purchasing, reselling, or using the ungraded eggs.