

BILL ANALYSIS

C.S.S.B. 1864
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Agriculture & Livestock
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill sponsor has informed the committee that, as the price of eggs increases and consumer choice narrows, it is necessary to examine the scope of egg production and provide Texas residents with a wider variety of options while also supplying high quality, safe products. The bill sponsor has also informed the committee that, under current law, individuals selling eggs from their own flocks are allowed to sell ungraded eggs directly to consumers, but that regulations prohibit retailers and wholesalers from purchasing ungraded eggs, and that in order to grade eggs producers must acquire potentially costly licenses, which prevents small egg producers from selling their eggs as such. The bill sponsor has further informed the committee that creating an option for small egg producers to sell ungraded eggs wholesale would provide better access to this market and promote transparency in the industry. C.S.S.B. 1864 seeks to address this issue by providing for 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 a capped number of eggs per week at wholesale in Texas to certain entities as long as the person holds a license as an ungraded dealer-wholesaler.

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 2 of this bill.

ANALYSIS

C.S.S.B. 1864 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 any quantity of ungraded eggs directly to consumers in Texas and, subject to the bill's provisions, up to 400 dozen ungraded eggs per week at wholesale in Texas to the following:

- restaurants;
- grocery stores with 25,000 square feet or less of retail space;
- farmer's cooperative societies; or
- cooperative marketing associations.

The bill requires a person who sells ungraded eggs in such a manner to label the cartons of eggs with a label that is legible, appears on the top panel of the carton, and contains the following information:

- the word "ungraded";
- the producer's name and address;
- the date the carton was packed; and

- if the eggs are sold or offered for sale at wholesale, the producer's ungraded dealer-wholesaler license number.

The bill conditions such a person's authority to sell ungraded eggs at wholesale on the person holding a license as an ungraded dealer-wholesaler issued by the Department of Agriculture (TDA). The bill requires such a seller to do the following:

- maintain records as required by applicable state law;
- within 36 hours of collecting the eggs, refrigerate the eggs;
- maintain the eggs at an ambient temperature of 45 degrees Fahrenheit or below during storage and distribution; and
- follow applicable statutory sanitation requirements when handling eggs sold or offered for sale at wholesale.

The bill prohibits a state agency or political subdivision from prohibiting a person who is exempt from the requirement to obtain a license for the buying or selling of eggs in Texas for the purpose of resale from purchasing, reselling, or using ungraded eggs as labeled under the bill's provisions.

C.S.S.B. 1864 requires TDA, as soon as practicable after the bill's effective date, to adopt rules to implement the bill's provisions.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 1864 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

Whereas the engrossed authorized 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 500 dozen ungraded eggs per week at wholesale in Texas, the substitute decreases that amount to 400 dozen ungraded eggs per week and restricts the sale at wholesale in Texas to the following:

- restaurants;
- grocery stores with 25,000 square feet or less of retail space;
- farmer's cooperative societies; or
- cooperative marketing associations.

Whereas the engrossed required a person to register with TDA if the person produces such eggs and sells the eggs at wholesale and authorized TDA to set an annual registration fee capped at \$50, the substitute conditions the authority of a person who produces such eggs to sell the eggs at wholesale on the person holding a license as an ungraded dealer-wholesaler issued by TDA.

The substitute includes a requirement absent from the engrossed for TDA, as soon as practicable after the bill's effective date, to adopt rules to implement the bill's provisions.