

BILL ANALYSIS

Senate Research Center
89R3762 SCF-D

S.B. 1864
By: Johnson
Health & Human Services
4/4/2025
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

As the price of eggs increases and consumer choice decreases, it is necessary to examine the scope of egg production and provide residents in the state with a wider variety of options while also supplying high quality, safe products. Under current law, individuals selling eggs from their own flock are allowed to sell ungraded eggs directly to consumers, however regulations prohibit retailers and wholesalers from purchasing ungraded eggs. To grade eggs, producers must acquire potentially costly licenses, and this requirement prevents small egg producers from selling their eggs.

Creating an option for ungraded licensure would allow small egg producers better access to this market and promote transparency in the industry. Under this bill, small egg producers would be permitted to sell up to 120 dozen eggs a week at wholesale, on the condition that they label the cartons with information associated with the producer and the eggs being sold. Ungraded eggs are currently sold directly to consumers in Texas, and there are no indications that their safety has been a problem. This bill would authorize these producers to sell to retailers and wholesalers and align with current standards for direct-to-consumer transactions.

S.B. 1864 would permit individuals to sell ungraded eggs to retailers and wholesalers if the eggs are clearly labeled with specific identifying information and if they hold an ungraded dealer-wholesaler license obtained from the Texas Department of Agriculture. Furthermore, the individuals must also keep detailed records for applicable products and follow sanitation procedures as laid out in statute. Lowering barriers for entry while maintaining public trust in the quality of products for smaller scale producers to access the retail market would improve purchasing options for consumers and bolster local economies that rely on these operations.

As proposed, S.B. 1864 amends current law relating to egg grading and the selling of ungraded eggs.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 132.002, Agriculture Code, as follows:

Sec. 132.002. New heading: SALE OF UNGRADED EGGS BY PRODUCER. (a)
Creates an exception under this section.

(b) Authorizes a person who produces eggs as described by Subsection (a) (relating to providing that this chapter does not apply to a person selling only 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, subject to Subsections (d) and (e), at wholesale.

(c) Requires a person who sells ungraded eggs as provided by Subsection (b) to label the cartons of eggs with a label that is legible, appears on the top panel of

the carton, and contains the word "ungraded," the producer's name, the producer's address, the producer's license number under Subsection (d), if the eggs are sold or offered for sale at wholesale, and the date the carton was packed.

(d) Prohibits a person who produces eggs as described by Subsection (a) from selling the eggs at wholesale unless the person holds a license as an ungraded dealer-wholesaler issued by the Department of Agriculture.

(e) Requires a person who sells eggs as described by Subsection (d) to maintain records as provided by Section 132.061 (Records) and follow the sanitation requirements of Section 132.045 (Sanitation Required) when handling eggs sold or offered for sale at wholesale.

SECTION 2. Effective date: upon passage or September 1, 2025.