

119TH CONGRESS
2D SESSION

S. 5346

To amend the Internal Revenue Code of 1986 to provide a tax credit for layer operation efficiency equipment.

IN THE SENATE OF THE UNITED STATES

AUGUST 6, 2026

Mr. YOUNG (for himself and Mr. LUJÁN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a tax credit for layer operation efficiency equipment.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Efficiency Gains
5 through Grading Standards And Viable Enhancement Act
6 of 2026” or the “EGG SAVE Act of 2026”.

7 **SEC. 2. LAYER OPERATION EFFICIENCY EQUIPMENT CRED-**
8 **IT.**

9 (a) IN GENERAL.—Subpart D of part IV of sub-
10 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new
2 section:

3 **“SEC. 45BB. LAYER OPERATION EFFICIENCY EQUIPMENT**
4 **CREDIT.**

5 “(a) GENERAL RULE.—For purposes of section 38,
6 the layer operation efficiency equipment credit for any tax-
7 able year is an amount equal to the applicable percentage
8 of the qualified equipment expenditures paid or incurred
9 by the taxpayer during such taxable year.

10 “(b) APPLICABLE PERCENTAGE.—For purposes of
11 this section, the applicable percentage is—

12 “(1) 50 percent, in the case of property placed
13 in service during calendar year 2027,

14 “(2) 40 percent, in the case of property placed
15 in service during calendar year 2028, and

16 “(3) 30 percent, in the case of property placed
17 in service during calendar year 2029.

18 “(c) QUALIFIED EQUIPMENT EXPENDITURES.—For
19 purposes of this section—

20 “(1) IN GENERAL.—The term ‘qualified equip-
21 ment expenditures’ means amounts paid or incurred
22 for—

23 “(A) the purchase of qualified in-ovo sex
24 identification equipment,

1 “(B) the installation of such equipment,
2 and

3 “(C) facility modifications necessary for
4 the operation of such equipment.

5 “(2) QUALIFIED IN-OVO SEX IDENTIFICATION
6 EQUIPMENT.—The term ‘qualified in-ovo sex identi-
7 fication equipment’ means equipment which—

8 “(A) utilizes optical or non-optical tech-
9 nology to determine the sex of avian embryos
10 before hatch,

11 “(B) is placed in service at a commercial
12 egg hatchery facility located in the United
13 States,

14 “(C) achieves an accuracy rate of not less
15 than 95 percent in sex determination, and

16 “(D) meets such other requirements as the
17 Secretary may prescribe.

18 “(3) LIMITATION TO PROPERTY PLACED IN
19 SERVICE.—No expenditure shall be taken into ac-
20 count under paragraph (1) with respect to any
21 equipment unless such equipment is placed in service
22 by the taxpayer.

23 “(d) OTHER RULES.—

24 “(1) BASIS REDUCTION.—For purposes of this
25 subtitle, if a credit is determined under this section

1 with respect to any property, the basis of such prop-
2 erty shall be reduced by the amount of the credit so
3 determined. If during any taxable year there is a re-
4 capture amount determined with respect to any
5 property the basis of which was reduced under the
6 preceding sentence, the basis of such property (im-
7 mediately before the event resulting in such recap-
8 ture) shall be increased by an amount equal to such
9 recapture amount.

10 “(2) RECAPTURE.—The Secretary shall, by reg-
11 ulations, provide for recapturing the benefit of any
12 credit allowable under subsection (a) with respect to
13 any property which ceases to be property eligible for
14 such credit (including recapture in cases where the
15 taxpayer ceases to be engaged in the trade or busi-
16 ness of operating a commercial egg hatchery).

17 “(3) PROPERTY USED OUTSIDE UNITED STATES
18 NOT QUALIFIED.—No credit shall be allowable under
19 subsection (a) with respect to any property which is
20 used predominantly outside the United States. The
21 preceding sentence shall not apply to any property
22 described in section 50(b)(2).

23 “(4) CERTAIN RULES TO APPLY.—Rules similar
24 to the rules of section 50 shall apply for purposes
25 of this section.

1 “(e) DEFINITIONS.—For purposes of this section, the
 2 term ‘commercial egg hatchery facility’ means a facility
 3 the primary purpose of which is to hatch chicks for com-
 4 mercial egg production.

5 “(f) REGULATIONS.—The Secretary shall prescribe
 6 such regulations as may be necessary or appropriate to
 7 carry out the purposes of this section.

8 “(g) TERMINATION.—This section shall not apply to
 9 property placed in service after December 31, 2029.”.

10 (b) CREDIT MADE PART OF GENERAL BUSINESS
 11 CREDIT.—Section 38(b) of the Internal Revenue Code of
 12 1986 (relating to current year business credit) is amended
 13 by striking “plus” at the end of paragraph (40), by strik-
 14 ing the period at the end of paragraph (41) and inserting
 15 “, plus”, and by adding at the end the following new para-
 16 graph:

17 “(42) the layer operation efficiency equipment
 18 credit determined under section 45BB(a).”.

19 (c) CLERICAL AMENDMENT.—The table of sections
 20 for subpart D of part IV of subchapter A of chapter 1
 21 of the Internal Revenue Code of 1986 is amended by add-
 22 ing at the end the following new item:

“Sec. 45BB. Layer operation efficiency equipment credit.”.

23 (d) EFFECTIVE DATE.—The amendments made by
 24 this section shall apply to property placed in service after

- 1 December 31, 2026, in taxable years ending after such
- 2 date.

