

BILL ANALYSIS

H.B. 1440
By: Button
Urban Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

State law governing municipal purchasing and contracting requires contracts for an amount greater than \$50,000 to be awarded through competitive bidding procedures and authorizes a municipality's governing body to approve a change order when changes in plans or specifications are necessary after the performance of a contract has begun or if it is necessary to decrease or increase the quantity of work to be performed or of materials, equipment, or supplies to be furnished. Additionally, a municipality's governing body may delegate this authority to an authorized administrative official with respect to change orders that involve an amount less than \$50,000, and municipalities with a minimum population may delegate the approval of change orders that involve a greater amount, which is \$100,000 or less.

Currently, state law does not specify whether approval for a change order is required only for contracts subject to competitive bidding procedures or for all municipal contracts. Practically speaking, this means approval from a municipality's governing body or the authorized administrative official is required for any change order, even if both the change order and corresponding contract involve amounts less than \$50,000 and the contract was never required to be awarded through competitive bidding procedures. H.B. 1440 seeks to remedy this issue and streamline the change order approval process for certain municipalities by limiting the circumstances under which a change order must be approved by a municipality's governing body to only when the original contract was awarded through competitive bidding procedures and to allow additional municipalities to delegate the authority to approve change orders to public works contracts involving \$100,000 or less.

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

ANALYSIS

H.B. 1440 amends the Local Government Code to limit the applicability of provisions governing change orders for certain municipal contracts to a contract that requires an expenditure of more than \$50,000 from one or more municipal funds and that is awarded through a competitive procedure as required by applicable state law. The bill lowers from 300,000 to 240,000 the minimum population threshold of a municipality that triggers the authorization for the municipality's governing body to grant general authority to an administrative official of the municipality to approve a change order for a public works contract that involves a decrease or

an increase of \$100,000 or less. These provisions apply only to a change order approved on or after the bill's effective date.

EFFECTIVE DATE

September 1, 2023.