88R10834 KBB-F

By:  Gervin-Hawkins H.B. No. 2854

A BILL TO BE ENTITLED

AN ACT

relating to change order limits for construction contracts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Section 271.060, Local Government Code, is amended by amending Subsections (c) and (d) and adding Subsection (c-1) to read as follows:

(c)  A contract with an original contract price of $5 million [~~$1 million~~] or more may not be increased by more than 25 percent. If a change order for a contract with an original contract price of less than $5 million [~~$1 million~~] increases the contract amount to $5 million [~~$1 million~~] or more, subsequent change orders may not increase the revised contract amount by more than 25 percent.

(c-1)  A contract with an original contract price of less than $5 million may not be increased in the aggregate by more than the greater of:

(1)  50 percent; or

(2)  $1 million.

(d)  A governing body may grant authority to an official or employee responsible for purchasing or for administering a contract to approve a change order that involves an increase or decrease of $250,000 [~~$50,000~~] or less.

SECTION 2.  The changes in law made by this Act apply only to a contract entered into on or after the effective date of this Act. A contract entered into before the effective date of this Act is governed by the law in effect on the date the contract was entered into, and the former law is continued in effect for that purpose.

SECTION 3.  This Act takes effect September 1, 2023.