

BILL ANALYSIS

H.B. 386
By: Gervin-Hawkins
Intergovernmental Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill author has informed the committee that price destabilization as a result of the COVID-19 pandemic caused market prices for construction materials to constantly fluctuate, resulting in price information being outdated by the time a change order for a construction contract could be approved. H.B. 386 seeks to streamline the change order process and allow contracts to be completed in a more efficient manner.

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. 386 amends the Local Government Code to increase from \$1 million to \$5 million the minimum amount of a construction contract for which an increase by a change order under the Certificate of Obligation Act of 1971 is capped at 25 percent. The bill prohibits a contract with an original contract price of less than \$5 million from being increased in the aggregate by more than the greater of 50 percent or \$1 million. The bill increases from \$50,000 to \$250,000 the cap on the increase or decrease of a change order that an authorized official or employee of a governing body authorized to issue bonds for or on behalf of a municipality, county, or certain hospital district may approve.

H.B. 386 applies only to a contract entered into on or after the bill's effective date. A contract entered into before the bill's effective date 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.

EFFECTIVE DATE

September 1, 2025.