

## **BILL ANALYSIS**

Senate Research Center  
82R4455 TJB-D

S.B. 1558  
By: Carona  
Intergovernmental Relations  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

A change order is a written amendment to a construction contract or purchase order. Under current law, governmental entities entering into a construction contract may not enter into a change order that would increase or decrease the total cost of the contract by more than 25 percent.

In 2009, the 81st Legislature increased county authority to issue change order approval in an amount up to \$50,000. S.B. 1558 standardizes the change order limit at \$50,000 for cities, counties, and special districts and gives purchasing agents the ability to approve change orders under the \$50,000 limit.

As proposed, S.B. 1558 amends current law relating to change order approval requirements for certain political subdivisions of the state.

### **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 252.048(c), Local Government Code, to authorize the governing body of a municipality, if a change order involves a decrease or an increase of \$50,000 or less, rather than \$25,000 or less, to grant general authority to an administrative official of the municipality to approve the change orders.

SECTION 2. Amends Section 271.060, Local Government Code, by adding Subsection (c), to authorize a board, council, commission, court, or other body or group authorized to issue bonds for or on behalf of an issuer (governing body) to 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 \$50,000 or less.

SECTION 3. Amends Section 281.046, Local Government Code, by adding Subsection (f), to authorize the board of directors of a civic center authority (board) to 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 \$50,000 or less.

SECTION 4. Amends Section 325.040, Local Government Code, as follows:

Sec. 325.040. CHANGE ORDERS. Authorizes the board of directors of the sports facility district (board), after a construction contract is awarded, if the district determines that additional work is needed or if the character or type of work, facilities, or improvements should be changed, to authorize change orders to the contract on terms the board approves. Prohibits a change made under this section from increasing or decreasing the total cost of the contract by more than 25 percent. Authorizes the board to 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 \$50,000 or less.

SECTION 5. Amends Section 351.137(c), Local Government Code, as follows:

(c) Authorizes the board of directors of a jail district (board), after a construction contract is awarded, if the district determines that additional work is needed or if the character or type of work, facilities, or improvements should be changed, to authorize change orders to the contract on terms the board approves. Authorizes the board to 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 \$50,000 or less. Prohibits a change made under this subsection from increasing or decreasing the total cost of the contract by more than 25 percent.

SECTION 6. Amends Section 49.273(i), Water Code, as follows:

(i) Authorizes the governing body of a district or authority created by authority of either Sections 52(b)(1) (relating to certain water improvements) and (2) (relating to certain water improvements), Article III, or Section 59 (Conservation and Development of Natural Resources and Parks and Recreational Facilities; Conservation and Reclamation Districts), Article XVI (General Provisions), Texas Constitution (board), if changes in plans or specifications are necessary after the performance of the contract is begun, or if it is necessary to decrease or increase the quantity of the work to be performed or of the materials, equipment, or supplies to be furnished, to approve change orders making the changes. Authorizes the board to 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 \$50,000 or less. Prohibits the aggregate of the change orders from increasing the original contract price by more than 10 percent. Authorizes additional change orders to be issued only as a result of unanticipated conditions encountered during construction, repair, or renovation or changes in regulatory criteria or to facilitate project coordination with other political entities.

SECTION 7. Effective date: upon passage or September 1, 2011.