

HOUSE BILL 679
RELATING TO CHANGE ORDER APPROVAL REQUIREMENTS FOR CERTAIN
POLITICAL SUBDIVISIONS OF THE STATE

The Texas Public Purchasing Association sponsored this bill and Representative Angie Chen Button (R-Richardson) has filed the bill on our behalf.

HB 679 was filed in an effort to bring all local government entities to the same dollar level for change order maximums. By definition, a change order is a written alteration that is issued to modify or amend a contract or purchase order. In construction, it is a request which directs the contractor to make changes, within the original scope of work, usually caused by unforeseen conditions encountered during construction. Under no circumstances may governmental agencies approve change orders for which funds are not available.

Counties were granted change order approval from \$25,000 to \$50,000 during the last legislative session. HB 679 includes Texas Local Government Code, Chapter 252.048(c), 271.060, 281.046 for cities; Chapters 324.040 and 351.137 for counties (which were inadvertently omitted from last session's bill); and Section 49.273(i) of the Water Code. HB 679 will standardize the change order limit to \$50,000 for cities, counties, and special districts. Standardizing dollar amounts for change orders will help vendors doing business with a variety of local governmental agencies and streamline purchasing requirements under the \$50,000 dollar level. HB 679 does not change the current requirement that no change order may increase or decrease the total cost of the contract by more than 25 percent.

An article published in the *Longview News-Journal* on January 20, 2011 indicated passage of this bill would "open the purse strings and allow tax dollars to flow uncontrolled and unaccounted." This is not possible under the conditions of the Local Government Code statutes. The intent of the bill is to allow the administration to delegate general authority to an administrative official of the agency to approve change orders under the \$50K limit. The administrative official must make sure the change order falls within the original scope of the work and budgeted funds are available for the requested change. The elected body of any of the affected entities must approve the authority to delegate.

Passage of HB679 would not give non-elected administrators broader latitude where tax dollars are concerned or take elected officials out of the picture. Citizens have an opportunity to have a say in how their money is spent during the budget process and at the polling places during a bond election.

Passage of HB679 would not be mandatory for any governmental agency and would allow each agency to set their internal change order policies and procedures accordingly.

Should you have any questions regarding this bill, please feel free to contact Pam Kirkland, CPPO, CPPB, Legislative Chair, Texas Public Purchasing Association at pam.kirkland@cor.gov.