
By: Senator Trotter

Requested: November 13, 1996

Introduced and read first time: January 8, 1997

Assigned to: Economic and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Construction Contracts - Cost Overruns**

3 FOR the purpose of altering a certain construction contract clause by eliminating a
4 certain exception to the prohibition on contract modifications or change orders in
5 construction contracts that will increase the cost of the contract beyond certain
6 funds.

7 BY repealing and reenacting, with amendments,
8 Article - State Finance and Procurement
9 Section 13-218(e)
10 Annotated Code of Maryland
11 (1995 Replacement Volume and 1996 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - State Finance and Procurement**

15 13-218.

16 (e) A clause required under this section for contract modification of or change
17 orders to a procurement contract for construction shall:

18 (1) make each contract modification or change order that affects the price
19 of the procurement contract subject to:

20 (i) prior written approval from the unit and any other person
21 responsible for the procurement contract; and

22 (ii) prior certification by the fiscal authority responsible for the unit
23 about:

24 1. the availability of money; and

25 2. the effect of the contract modification or change order on the
26 project budget or the total construction cost; and

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1 (2) prohibit the contract modification or change order if the certification by
2 the fiscal authority discloses that the contract modification or change order will increase
3 the cost beyond budgeted and available money, unless[:

4 (i) sufficient additional money is made available; or

5 (ii)] the scope of the project is adjusted to allow completion within the
6 project budget.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 1997.