Amend **SB 1154** immediately after SECTION 5 of the bill (engrossed version page 4, after line 27) by inserting the following new SECTION and renumbering the subsequent SECTIONS appropriately:

SECTION 6. Subchapter I, Chapter 441, Government Code, is amended by adding Section 441.1281 to read as follows:

Sec. 441.1281. CREATION OF LIBRARY DISTRICTS IN CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality that does not have a municipal public library accredited for membership in the state library system.

(b) An election to adopt or increase the local sales and use tax under Subchapter E, Chapter 326, Local Government Code, is to be treated also as an election that will have the effect of reducing the tax rate of an industrial development district if:

(1) all or any part of the proposed district is included within the boundaries of an industrial development corporation created under Section 4B, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes), by the municipality after the date of the first filing of a petition with the commissioners court of the county to create a library district under Chapter 326, Local Government Code; and

(2) the adoption or increase of the local sales and use tax under Subchapter E, Chapter 326, Local Government Code, would result in a combined tax rate of more than two percent in any location in the proposed district.

(c) If the voters approve the adoption or increase of the district tax under Subsection (b), the tax rate to which the development corporation's tax is reduced is the highest rate that will not result in a combined tax rate of more than two percent in any location in the proposed district.

(d) The rate of the tax imposed by the development corporation is increased without further action of the board or the voters of the development corporation or the district on the date on which the tax imposed under Subchapter E, Chapter 326, Local Government Code, is decreased or expires. The development corporation's tax rate increases only to the extent that any tax imposed by the development corporation was reduced under this

section when the tax imposed by the district was adopted or increased.

(e) This section does not permit a taxing unit to impose taxes at different tax rates in the territory of the unit.

(f) For the purposes of holding an election as described by this section, a petition filed before, on, or after September 1, 2003, with the commissioners court of the county to create a library district is effective and valid for subsequent filing purposes until the second anniversary of the date on which the petition was first filed.

(g) If the boundaries of the proposed library district include any territory that, on the date on which a petition is filed on the question of creating the district, is part of a municipality that operates a municipal public library accredited for membership in the state library system, the governing body of that municipality must consent by resolution to allow the inclusion of that municipal territory in the proposed district.