

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE: SPEEDCAST INTERNATIONAL LIMITED, et al., Debtors.	§ § § § § §	Chapter 11 Case No. 20-32243 (MI) (Jointly Administered)
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**OBJECTION OF THE TAXING AUTHORITIES TO SECOND AMENDED JOINT CHAPTER
11 PLAN OF SPEEDCAST INTERNATIONAL LIMITED AND ITS DEBTOR
AFFILIATES
(Ref. Docket No. 992)**

**To the Honorable Marvin Isgur,
United States Bankruptcy Judge:**

NOW COME the Taxing Authorities,¹ secured creditors in the above-numbered and styled bankruptcy case, and file this objection to the *Second Amended Joint Chapter 11 Plan of Speedcast International Limited and its Debtor Affiliates* (the “Plan”). In support of the objection, the Taxing Authorities would show the Court as follows:

1. The Taxing Authorities are political subdivisions of the State of Texas.
2. The Taxing Authorities hold secured claims in the amount of \$382,497.59 for real and personal property *ad valorem* taxes owed by the Debtors for tax year 2020. The property taxes were duly assessed in accordance with the laws of the State of Texas and constitute valid, liquidated, secured claims against the Debtors’ property, which are entitled to priority over other secured claims.

¹ The Taxing Authorities consist of the following entities: Bexar County, Cleveland ISD, Culberson County-Allamoore ISD, Culberson County, Dallas County, Harris County, Hidalgo County, Hood CAD, Jasper County, Jim Wells CAD, City of McAllen, Nueces County, Parker CAD, Rio Grande City CISD, Smith County, Starr County, Tarrant County, and Victoria County.



3. Texas Property Tax Code § 32.05(b) provides that tax liens securing the property have priority over the claim of any creditor of a person whose property is encumbered by the lien. The Taxing Authorities' claims are for *ad valorem* taxes assessed against the Debtors on January 1 of each year pursuant to Texas Property Tax Code §§ 32.01 and 32.07. The taxes are secured by first priority liens on the property of the Debtors pursuant to Tex. Prop. Tax Code §§ 32.01 and 32.05. The Taxing Authorities' liens take priority over the claim of any holder of a lien on property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. See Texas Property Tax Code § 32.05 (b); See also Central Appraisal District of Taylor County v. Dixie-Rose Jewels, Inc., 894 S.W. 2d 841 (Tex. App. 1995) (bank's foreclosure of its purchase money lien on personal property did not defeat or destroy the taxing unit's statutory tax lien). The tax lien arises on January 1 of each tax year and "floats" to after acquired property. See City of Dallas v. Cornerstone Bank, 879 S.W. 2d 264 (Tex. App. - Dallas 1994). The tax lien is a lien *in solido* and is a lien on all property of the Debtor. See In re Universal Seismic, 288 F.3d 205 (5th Cir. 2002). The tax lien is also unavoidable. See In re: Winns, 177 B.R. 253 (Bankr. W.D. Tex. 1995). The tax claims are entitled to priority as secured claims, senior to other secured claims, according to the Bankruptcy Code, 11 U.S.C. §506. Stanford v. Butler, 826 F.2d 353 (5th Cir. 1987).

4. The Plan proposes to treat the Taxing Authorities' claims as Class 1 Other Secured Claims, which provides for a variety of treatment options, at the Reorganized Debtors' discretion, without definitely stating how the taxes will be paid. The Taxing Authorities object to the Plan on the basis that the plan fails to provide for the specific treatment of the Taxing Authorities' claims.

5. The Taxing Authorities object to the Plan on the basis that the Plan fails to properly provide for the payment of interest on the Taxing Authorities' claims as required by 11 U.S.C. § 506(b). Should the taxes become delinquent after January 31, 2021, the Taxing Authorities are entitled to interest on their claims at the statutory rate of 12% per annum with interest accruing each month until the claims are paid in full. 11 U.S.C. § 511; See also U.S.v.

Graham, 59 Fed. Appx. 660 (6th Cir. 2003); and In re Marfin Ready Mix Corp., 220 B.R. 148 (Bankr. E.D. N.Y. 1998).

6. The Taxing Authorities object to the Plan on the basis that the Plan fails to provide for the retention of the Taxing Authorities' liens on their collateral. The Plan should not be confirmed unless and until it specifically provides for the Taxing Authorities' liens to remain on the collateral until the taxes are paid in full.

WHEREFORE, PREMISES CONSIDERED, the Taxing Authorities respectfully pray that this Court sustain this objection to the Plan, that it accordingly deny confirmation of the Plan, and for such other and further relief, at law or in equity, as is just.

Dated: December 8, 2020

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned does hereby certify that a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas on December 8, 2020.

/s/ Tara L. Grundemeier
Tara L. Grundemeier

