

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

<b>IN RE:</b>	§	<b>CASE NO. 23-90054</b>
	§	
<b>IEH AUTO PARTS HOLDINGS LLC, <i>et al.</i></b>	§	<b>Chapter 11</b>
	§	
<b>Debtors</b>	§	<b>Jointly Administered</b>

**JOINT LIMITED OBJECTION OF THE TEXAS TAXING AUTHORITIES TO THE  
DEBTORS' EMERGENCY MOTION FOR ENTRY OF INTERIM AND FINAL  
ORDERS PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363 AND 364 (I) AUTHORIZING  
DEBTORS TO (A) USE OF CASH COLLATERAL ON A LIMITED BASIS, AND (B)  
OBTAIN POSTPETITION FINANCING ON A SECURED, SUPERPRIORITY BASIS,  
(II) GRANTING ADEQUATE PROTECTION, (III) SCHEDULING A FINAL  
HEARING, AND (IV) GRANTING RELATED RELIEF**

**(Relates to Document #36)**

**TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:**

COME NOW The Texas Taxing Authorities<sup>1</sup>, secured creditors and parties in interest and file this JOINT LIMITED OBJECTION TO THE DEBTORS' EMERGENCY MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363 AND 364 (I) AUTHORIZING DEBTORS TO (A) USE OF CASH COLLATERAL ON A LIMITED BASIS, AND (B) OBTAIN POSTPETITION FINANCING ON A SECURED, SUPERPRIORITY BASIS, (II) GRANTING ADEQUATE PROTECTION, (III) SCHEDULING

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<sup>1</sup> The Texas Taxing Authorities include all taxing authorities represented by Perdue Brandon Fielder Collins & Mott and Linebarger Googan Blair & Sampson including but not limited to: Richardson Independent School District, Plano Independent School District, Pasadena Independent School District, City of Houston, Clear Creek Independent School District, Dickinson Independent School District, Brazoria County, City of Pearland, Brazoria County Drainage District #4, Brazoria County SPC RD & BRIDGE FUND, Pearland Independent School District, Wichita Falls City, Wichita Falls Independent School District, Wichita County, City of Vernon, Wilbarger General Hospital, Vernon College, Vernon Independent School District, Lubbock Central Appraisal District, Dallas County, Fort Bend County WCID #2, Fort Bend County, Galveston County, Harris County, Irving Independent School District, Tarrant County, and Texas City Independent School District.



A FINAL HEARING, AND (IV) GRANTING RELATED RELIEF (the “DIP Finance Motion”), and respectfully shows as follows.

Background

1. Texas Taxing Authorities are political subdivisions of the State of Texas, authorized and required by the Texas Constitution and laws to levy and collect taxes on taxable personal and real property within their boundaries, in order to operate and discharge their public purposes.
2. The Texas Taxing Authorities hold secured pre-petition tax claims for the 2023 and prior tax years in the estimated amount of \$885,266.67<sup>2</sup> (the “Tax Claims”). These claims are secured by tax liens on the tangible personal property of the Debtors within their taxing boundaries (the “Tax Liens”). The Tax Liens attach to the taxpayer’s property on January 1 of each tax year.
3. The Tax Liens are superior to any other secured claim in this case as provided by Article VIII, Section 15 of the Texas Constitution, and Section 32.01 and Section 32.05(b) of the Texas Property Tax Code.
4. The property taxes are due upon receipt pursuant to Texas Property Tax Code Sec. 31.02.

Limited Objection to DIP Finance Motion

5. The Texas Taxing Authorities object to the DIP Finance Motion to the extent that it seeks to prime the valid, enforceable, senior liens held by the Texas Taxing Entities without adequate protection or consent as required by 11 U.S.C. 364(d)(1)(B)<sup>3</sup>.
6. The Texas Taxing Authorities request language in the final order that exempts their liens from priming or subordination by any other lien in this case similar to the following:

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<sup>2</sup> Due diligence is ongoing, and the Tax Claim amount is an estimate only and subject to change.

<sup>3</sup> 11 USC 364(d)(1)(B) requires that “... there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior or equal lien is proposed to be granted.”

*Notwithstanding any other provisions included in the Interim Order or this Final Order, or any agreements approved hereby, any statutory liens (collectively, the “Texas Tax Liens”), including business personal property liens, of Richardson Independent School District, Plano Independent School District, Pasadena Independent School District, City of Houston, Clear Creek Independent School District, Dickinson Independent School District, Brazoria County, City of Pearland, Brazoria County Drainage District #4, Brazoria County SPC RD & BRIDGE FUND, Pearland Independent School District, Wichita Falls City, Wichita Falls Independent School District, Wichita County, City of Vernon, Wilbarger General Hospital, Vernon College, Vernon Independent School District, Lubbock Central Appraisal District, Dallas County, Fort Bend County WCID #2, Fort Bend County, Galveston County, Harris County, Irving Independent School District, Tarrant County, and Texas City Independent School District (“The Texas Taxing Authorities”) shall not be primed by nor made subordinate to any liens granted to any party hereby to the extent such Texas Tax Liens are valid, senior, perfected, and unavoidable, and all parties' rights to object to the priority, validity, amount, and extent of the claims and liens asserted by the Texas Taxing Authorities are fully preserved.*

7. In the event that property that secures the Tax Liens is to be sold, the Texas Taxing Authorities request adequate protection in the form of a final order that provides sufficient funds to pay their claims, plus interest at the applicable non-bankruptcy rate, be set aside from the sale proceeds in a segregated account for the sole purpose of paying its claims. The Texas Taxing Authorities further requests that the Court enter an order that the segregated funds not be paid to any other party until the Tax Claims have been paid in full.

8. Counsel for the Texas Taxing Authorities have attempted to confer with counsel for the Debtors in an attempt to reach an agreement.

Prayer

WHEREFORE, The Texas Taxing Authorities respectfully request that a Final Order approving the DIP Finance Motion (1) include language that their liens are not primed nor made subordinate to any other party, (2) provide sufficient funds to pay the Tax Claims plus interest at the applicable non-bankruptcy rate, set aside in a segregated account for the sole purpose of paying its claims, not to be paid to any other party until the Tax Claims have been paid or without further order of this Court and (3) grant them such other and further relief as is just and proper.

Dated: February 22, 2023

Attorneys for the Taxing Authorities

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**CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of the foregoing Limited Objection has been sent to the parties listed below by email, first class mail, or by the Court's ECF notification system on this the 22nd day of February 2023.

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