

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Case No. 19-10702

**SOUTHCROSS ENERGY
PARTNERS, L.P. *et al.*,**

Debtors.

Chapter 11

**THE TEXAS TAXING AUTHORITIES' OBJECTION TO THE DEBTORS' CHAPTER
11 PLAN FOR SOUTHCROSS ENERGY PARTNERS, L.P. AND ITS AFFILIATED
DEBTORS**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

NOW COMES The County of Wharton, Texas and Calhoun Central Appraisal District, Texas (collectively "The Texas Taxing Authorities") and files their objection to the Debtor's Chapter 11 Plan for Southcross Energy Partners, L.P. and its Affiliated Debtors (the "Plan") and would respectfully show the Court the following:

1. The Texas Taxing Authorities are holders of claims for pre-petition ad valorem taxes for 2019 estimated against the property of the Debtors in the aggregate amount of \$48,373.52.
2. Texas Tax Code Section 32.01 provides that on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property, whether or not the taxes are imposed in the year the lien attaches. The lien exists in favor of each taxing unit having power to tax the property.
3. On January 1, 2019, personal liability arose and a statutory lien attached for the 2019 tax year. The laws of the State of Texas, Property Tax Code, Section 32.05(b), gives this claim a superior position over all other claims against this property. *Stanford v. Butler*, 826 F.2d 353 (5th Cir. 1987), 11 USC § 506; *Universal Seismic Associates, Inc.*, 288 F.3d 205 (5th Cir. 2002); *In Re Winn's Stores, Inc.*; 177 B.R. 253 (Bkcty W.D. Tex 1995).



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4. The Plan provisions which deal with the secured claim of The Texas Taxing Authorities' fails to provide fair and equitable treatment to this secured claim as required by

1129(b)(1) and (2)(A) in that:

- a. The Texas Taxing Authorities' object to the treatment of their claims in the Plan to the extent that the debtor fails to pay the 2019 taxes in the ordinary course, because it does not specifically provide for them to receive post-Effective Date interest on their claims at the state statutory rate of 12% per annum pursuant to 11 U.S.C. Sections 511 and 1129
- b. The Texas Taxing Authorities' object to confirmation of the Plan because the treatment of Other Secured Claims provides the option of the Debtors returning the collateral that secures the claim of a member of this class. To the extent that the holder of an Other Secured Claim asserts a security interest in or lien against assets that secure a claim of one or more of The Texas Taxing Authorities, The Texas Taxing Authorities object to the preferential treatment of creditors who are junior to them.

WHEREFORE, The Texas Taxing Authorities object to the Debtor's Plan and requests this Court to order appropriate provisions to assure the protection of the position of their secured tax claims and further request other such relief as is just and proper.

Dated: October 31, 2019

Respectfully Submitted,

McCREARY, VESELKA, BRAGG &

ALLEN, P.C.

By: /s/ Tara LeDay
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Attorney for The County of The Texas Taxing Authorities

CERTIFICATE OF SERVICE

Service has been accomplished on all parties required to be served under Local Rule 9013(d) and at the proper address as required by 11 U.S.C. §342, at the respective addresses listed on this certificate, by first class U.S. mail, email, or telecopier transmission addressed as set forth below, on October 31, 2019:

/s/ Tara LeDay
Tara LeDay