

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

IN THE MATTER OF:

CASE NO. 20-32564

STAGE STORES, INC.

DEBTORS

CHAPTER 11

**THE TEXAS TAXING AUTHORITIES' OBJECTION TO THE DEBTORS' INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO CLOSE STORES AND WIND-DOWN OPERATIONS, (II) AUTHORIZING THE DEBTORS TO ASSUME AND PERFORM UNDER THE CONSULTING AGREEMENT RELATED TO THE STORE CLOSINGS, (III) APPROVING PROCEDURES FOR STORE CLOSING SALES, (IV) APPROVING MODIFICATIONS TO CERTAIN CUSTOMER PROGRAMS, AND (V) GRANTING**

**RELATED RELIEF**

[Related Dkt. No. 144]

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

NOW COMES NOW COMES The County of Anderson, Texas, The County of Bastrop, Texas, The County of Brazos, Texas, Calhoun County Appraisal District, Texas, The County of Cherokee, Texas, Cherokee County Appraisal District, Texas, The County of Comal, Texas, The County of Coryell, Texas, Harrison Central Appraisal District, Texas, The County of Harrison, Texas, The County of Limestone, Texas, Midland Central Appraisal District, Texas, The County of Williamson, Texas, Bowie Central Appraisal District, Texas, Brown County Appraisal District, Texas, Burnet Central Appraisal District, Texas, County of Erath, Texas, The County of Guadalupe, Texas, The County of Hardin, Texas, The County of Hays, Texas, The County of Henderson, Texas, Eastland County Appraisal District, Texas, The County of Jasper, Texas, McCulloch County Appraisal District, Texas, City of Waco *et al.*, Texas, The County of Medina, Texas, The County of Milam, Texas, Reeves County Tax District, Texas, Taylor County Central Appraisal District, Texas, Terry County Appraisal District, Texas, The County of Wharton, Texas



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(hereinafter “The Texas Taxing Authorities”) and files this Objection to the Debtors’ Interim Order (I) Authorizing the Debtors to Close Stores and Wind-Down Operations, (II) Authorizing the Debtors to Assume and Perform Under the Consulting Agreement Related to the Store Closings, (III) Approving Procedures for Store Closing Sales, (IV) Approving Modifications to Certain Customer Programs, and (V) Granting Related Relief and respectfully shows the court the following:

1. The Texas Taxing Authorities are political subdivisions of the State of Texas. There are pre-petition ad valorem taxes due to The Texas Taxing Authorities for tax years 2019-2020 estimated in the amount of \$1,516,329.50.
2. These taxes are secured with a security interest that is superior to that of any other secured claim under the Texas Constitution, Article VIII, Section 15, and the Texas Property Tax Code, Section 32.01 and Section 32.05(b). *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). In addition, the lien is a lien *in solido* and attaches to all real and personal property of the debtors. Texas Property Tax Code Section 32.01(b)
3. The Texas Taxing Authorities object to the sale and request that the ad valorem tax lien for tax year 2019 and prior pertaining to the subject properties shall attach to the sales proceeds and that the closing agent and/or Debtor shall pay all ad valorem tax debt owed incident to the subject properties immediately upon closing and prior to any disbursement of proceeds to any other person or entity; provided however, the year 2020 ad valorem taxes pertaining to the subject properties shall be prorated in accordance with the Purchase Agreement but, if not paid in full at closing, shall

become the responsibility of the Purchaser and the year 2020 ad valorem tax liens shall be retained against the subject properties until said taxes are paid in full.

4. That the ad valorem tax lien shall be retained against said properties for the year 2020 ad valorem taxes until said taxes are paid in full.
5. That in the event of a credit bid, the ad valorem tax debt for tax years 2019 and prior owed incident to the subject properties shall be paid at closing and the ad valorem tax lien shall be retained against the properties, until all ad valorem tax debts owed incident to the subject properties (real and personal) have been paid in full.

WHEREFORE, The Texas Taxing Authorities, requests this Court to order that The Texas Taxing Authorities ad valorem taxes be: (1) paid at closing, (2) 2020 tax liens be retained, and (3) further request other and such relief as is just and proper.

Dated: June 3, 2020

Respectfully submitted,

**MCCREARY, VESELKA, BRAGG & ALLEN,  
P.C.**

Attorneys for The Texas Taxing Authorities

/s/ Tara LeDay

Tara LeDay

State Bar Number 24106701

P.O. Box 1269

Round Rock, Texas 78680-1269

Telephone: (512) 323-3241

Fax: (512) 323-3205

Email: tleday@mvalaw.com

CERTIFICATE OF SERVICE

I hereby certify that I have placed a copy of the above Objection to Sale Procedures Interim Order to those parties on the Court's Notice of Electronic Filing and via U.S. Postal Service on June 3, 2020 by to those below:

/s/ Tara LeDay  
Tara LeDay

**Debtor:**

**Stage Stores, Inc.**  
2425 West Loop South  
Houston, TX 77027

**Debtors Attorney's:**

**Matthew D Cavanaugh**  
Jackson Walker LLP  
1401 McKinney Street  
Ste 1900  
Houston, TX 77010

**U.S. Trustee:**

**Hector Duran, Jr**  
U.S. Trustee  
515 Rusk  
Ste 3516  
Houston, Tx 77002