

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

<b>In re:</b>	§	<b>Chapter 11</b>
	§	
<b>STAGE STORES, INC</b>	§	<b>Case No. 20-32564</b>
	§	
<b>Debtors.</b>	§	

**TEXAS TAXING AUTHORITIES' OBJECTION TO JOINT AMENDED CHAPTER 11  
PLAN OF STAGE STORES, INC. AND SPECIALTY RETAILERS, INC.**  
[ECF 536]

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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, Central Appraisal District of Taylor County, Texas, Terry County Appraisal District, Texas, and The County of Wharton, Texas (hereinafter, referred to as "The Texas Taxing Authorities") and files this objection to the Joint Amended Chapter 11 Plan of Stage Stores, Inc. and Specialty Retailers, Inc. (the "Plan") and would respectfully show the Court the following:



1. The Texas Taxing Authorities, duly organized governmental units of the State of Texas, are the holders of claims for pre-petition ad valorem real and business personal property taxes for tax year 2019-2020 assessed against the property of the Debtors in the aggregate amount of \$1,516,329.50.
2. The Texas Taxing Authorities' pre-petition claims are secured by unavoidable, first priority, perfected liens on all of the Debtors' real and business personal property pursuant to Texas Tax Code Section 32.01 and 32.05 and 11 U.S.C. Section 362(b)(18). *In re Winn's Stores, Inc.*, 177 B.R. 253 (Bankr. W. D. Tex. 1995); *Central Appraisal District of Taylor County v. Dixie-Rose Jewels, Inc.*, 894 S.W.2d 841 (Tex. App. – Eastland 1995). These liens arise on January 1 of each tax year along with the property owner's personal liability for the ad valorem taxes and attach to the property by operation of law. Tex. Prop. Tax Code 32.01; 11 U.S.C. Sec. 362(b)(18). Texas Tax Code Section 32.01 provides:
  - (a) 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.
  - (b) A tax lien on inventory, furniture, equipment, or other personal property is a lien *in solido* and attaches to all inventory, furniture, equipment, and other personal property that the property owner owns on January 1 of the year the lien attaches or that the property owner subsequently acquires
  - (c) ..

(d) The lien under this section is perfected on attachment and ... perfection requires no further action by the taxing unit.

11 U.S.C. Section 362(b)(18) allows the attachment of liens that secure taxes that come due post-petition.

(b) ... a tax lien provided by this chapter takes priority over the claim of any creditor of a person whose property is encumbered by the lien and 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 attachment of the tax lien.

3. The Texas Taxing Authorities object to confirmation of the Plan to the extent that it does not provide that they retain the liens that secure all base tax, penalties and interest that may accrue on their Secured claims.
4. The Texas Taxing Authorities object to the treatment of their claims because the Plan does not specifically provide for retention of their liens against their collateral.
5. To the extent that the debtor intends to pay out these ad valorem tax claims, The Texas Taxing Authorities are entitled to equal monthly payments in cash over a period ending not later than five years after the *Petition Date*.
6. The Texas Taxing Authorities object to confirmation of the Plan because it does not provide for when The Texas Taxing Authorities shall receive payment of their claims. The Texas Taxing Authorities are still entitled to post-petition pre Effective Date interest and post Effective Date interest at the state statutory rate of 1% per month and 12% per annum, respectively, pursuant to 11 U.S.C. Sections 506(b), 511 and 1129. The Texas Taxing Authorities have the right to know if the Debtors intend to pay their claims in installments

or in one lump sum, the number of installments that the Debtors contemplate and when they should expect the first installment payment or the lump sum payment of their claims.

The Plan does not provide any of these details.

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: August 7, 2020

Respectfully Submitted,

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

By: /s/ Tara LeDay  
Tara LeDay (TX 24106701)  
P. O. Box 1269  
Round Rock, TX 78680-1269  
Telephone: (512) 323-3200  
Fax: (512) 323-3500  
Email: [tleday@mvalaw.com](mailto:tleday@mvalaw.com)  
*Attorney for The Texas Taxing Authorities*

**CERTIFICATE OF SERVICE**

I hereby certify that, on August 7, 2020, 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, Houston Division.

/s/ Tara LeDay  
Tara LeDay

Debtor:

**Stage Stores, Inc.**

2425 West Loop South  
Houston, TX 77027

Debtor Attorney:

**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