

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE:	§	
	§	
GULF PACKAGING, INC.,	§	Case No. 15-15249 (PSH)
	§	
Debtor.	§	Chapter 11
	§	

**OBJECTION OF CAMERON COUNTY, CITY OF EL PASO, HARRIS COUNTY,
AND TARRANT COUNTY TO DEBTOR’S FIRST AMENDED
DISCLOSURE STATEMENT AND CHAPTER 11 PLAN
(Relates to Docket #266, 267)**

**To the Honorable Pamela S. Hollis,
United States Bankruptcy Judge:**

NOW COME Cameron County, City of El Paso, Harris County, and Tarrant County (the “Texas Taxing Authorities”), secured creditors in the above-numbered and styled bankruptcy case, and file this objection to *Debtor’s First Amended Disclosure Statement and Chapter 11 Plan* (the “Plan”). In support of their objection, the Texas Taxing Authorities would show the Court as follows:

1. The Texas Taxing Authorities are political subdivisions of the State of Texas.
2. The Texas Taxing Authorities hold pre-petition secured claims in the amount of \$170,353.15 for property taxes for tax years 2014 and 2015 on Debtor’s personal property located in in the respective Texas jurisdictions. The property taxes were duly assessed in accordance with the laws of the State of Texas and constitute valid, liquidated, secured claims against the Debtor’s property entitled to priority over other secured claims.
3. Texas Property Tax Code §32.05(b) give the tax liens securing the property, superiority over the lien of any other claim or lien against the property. The Texas Taxing Authorities’ claims are for *ad valorem* taxes assessed against the Debtor 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 Debtor pursuant to Tex. Prop. Tax Code §§ 32.01 and 32.05. The Texas

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 Texas Taxing Authorities object to the treatment under the Plan for the reasons set forth below:
 - a. The Plan fails to provide for the retention of the Texas Taxing Authorities' liens on the collateral. The Plan should not be confirmed unless and until it specifically provides for the Texas Taxing Authorities' liens to remain on its collateral until the claim is paid in full as required by 11 U.S.C. § 1129.
 - b. The Plan fails to provide for the payment of interest on the Texas Taxing Authorities' claims at the statutory rate of 12% per annum for tax year 2014 and/or should the Debtor fail to make payment of 2015 taxes on or before January 31, 2016. The Plan should not be confirmed unless and until such provision is made for interest on the Texas Taxing Authorities' claims.

[Concluded on Following Page]

WHEREFORE, PREMISES CONSIDERED, the Texas Taxing Authorities respectfully pray that this Court sustain their 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 4, 2015

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 upon the following entities by either electronic court filing or by United States Mail, first class, postage prepaid on December 4, 2015:

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