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Linebarger Goggan Prevails Over a Multi-Year Property Tax Avoidance Effort

(Houston) – June 2, 2016 – In a carefully crafted 21-page opinion, United States Bankruptcy Judge Gary Spraker rebuffed a years-long attempt, by a Harris County, Texas land owner, to avoid a large and growing property tax debt. That property owner, a Chicago-based company called CM Reed Almeda, urged Judge Spraker to significantly reduce or even eliminate nine years of taxes owed to Harris County, the City of Houston, The Houston Independent School District, and other local taxing jurisdictions.

At present, the company owes about \$750,000 in back taxes on about 16 acres of undeveloped property, covering the years 2007 to 2016. The judge refused to stand in the way of Harris County's attempt to collect.

Indeed, Judge Spraker agreed with arguments made by attorneys for Linebarger Goggan, who represented Harris County, that he should abstain from reducing the property owner's tax bill.

"As Judge Spraker noted, year after year, the property owner failed to protest the taxes, which is the only lawful way to have them reduced or eliminated," said Linebarger Goggan Bankruptcy Partner John Dillman. "Instead, at the 11th hour, the owner tried to use the bankruptcy court to unfairly catch a break."

CM Reed Almeda appears to be a company formed solely to hold this 16-acre parcel of land that had long been used for oil and gas exploration. There have been attempts, over the years, to develop the land. but none has succeeded. In his order, the judge described the property's history as "checkered."

"'Checkered' is also a good way to describe the behavior of this particular property owner – a Chicago based company that went to a Las Vegas courthouse to avoid paying taxes in Houston," Dillman said. "While the court only lightly addressed the issue of forum shopping, there's certainly evidence that this was the play here. Fortunately, for the taxpayers of Harris County, it failed."

Harris County Tax Assessor Collector Mike Sullivan called on businesses to do the right thing, "Every year homeowners across Harris County pay their tax bills on time and in full, knowing that failure to do so means the money wouldn't be there to pay police officers or fund parks or roads or schools. This company simply needs to leave the courthouse and follow the good example the citizens of Harris County have to offer."