

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

IN RE:)	Chapter 11
)	
MONTGOMERY WARD HOLDING CORP.,)	Case No. 97-1409 (PJW)
a Delaware corporation, et al.,)	
)	Jointly Administered
Debtors.)	
)	
)	
MONTGOMERY WARD HOLDING CORP.)	
and MONTGOMERY WARD & COMPANY,)	
INC.,)	
)	
Plaintiffs,)	
)	
vs.)	Adversary Proceeding
)	No. 99-87
MARIA PAPPAS, not individually,)	
but in her capacity as)	
Treasurer of Cook County,)	
Illinois,)	
)	
Defendant.)	

MEMORANDUM OPINION

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September 1, 2000

WALSH, J.

In this adversary proceeding Montgomery Ward Holding Corp. and related entities (the "Debtors") seek an order to compel turnover of property of the estate and an order disallowing the proof of claim no. 3236 (the "Claim") filed by Maria Pappas in her capacity as Treasurer of Cook County, Illinois (the "Treasurer"). The Treasurer has filed a motion for an order of abstention (Doc. # 6).

Debtors assert that certain real property tax assessments made by the Treasurer between 1990 to 1996 on several properties owned by Debtors were in error, resulting in over assessment and over payment of property taxes for those years. Debtors argue that they should not be compelled to pay the property taxes that came due on September 19, 1997 that form the basis for the Treasurer's Claim until the contested tax liability for that year and the previous years have been determined by this Court pursuant to § 505 of the Bankruptcy Code^{1, 2} and any set off to which Debtors

¹ Unless otherwise indicated, all references to "§ ___" are to a section of the Bankruptcy Code, 11 U.S.C. § 101 et. seq.

² The Treasurer also disputes the applicability of § 505 to the present dispute, suggesting that Debtors are prohibited from seeking adjudication of their state tax liability in this Court pursuant to § 505(a)(2) on taxes previously adjudicated in Cook County. Section 505(a)(2) provides in relevant part:

The court may not so determine—

might be entitled by reason of Treasurer's over assessment is determined and any excess payments turned over to Debtors pursuant to § 542.³ The Treasurer moves the Court to abstain from hearing Debtors' turnover and disallowance motion. For the reasons set forth herein, the Treasurer's motion seeking an order of abstention will be granted.

FACTS

Debtors filed voluntary petitions for relief under Chapter 11 on July 7, 1997. Debtors' First Amended Plan of

(A) the amount or legality of a tax, fine, penalty, or addition to tax if such amount or legality was contested before and adjudicated by a judicial or administrative tribunal of competent jurisdiction before the commencement of the case under this title

...

11 U.S.C. § 505 (Emphasis added). Because I have decided to abstain, I need not address the applicability of § 505 in the present dispute.

³ Section 542(a) provides in relevant part:

Except as provided in subsection (c) or (d) of this section, an entity, other than a custodian, in possession, custody, or control, during the case, of property that the trustee may use, sell, or lease under section 363 of this title, or that the debtor may exempt under section 522 of this title, shall deliver to the trustee, and account for, such property or the value of such property, unless such property is of inconsequential value or benefit to the estate. . . .

11 U.S.C. § 542(a).

Reorganization (the "Plan") was confirmed on July 15, 1999 and became effective on August 2, 1999 (the "Effective Date"). The Plan, proposed by Debtors and General Electric Capital Corporation ("GE Capital"), provided for an exit credit facility of approximately \$1.3 billion and a capital infusion of \$650,000,000 by GE Capital to finance the Debtors' reorganization efforts, and pay most of the allowed secured and priority claims in full while paying a reasonable percentage on most unsecured claims. Since the Effective Date, Debtors have taken significant steps toward consummating the Plan, under which GE Capital received a substantial equity interest in Debtors in exchange for GE Capital's remaining claims.

At all relevant times, Debtors owned, and continue to own, significant real property and improvements to real property located in Cook County, Illinois. Debtors dispute the Treasurer's tax assessments on five of these properties; the dispute has resulted in thirty-five distinct challenges to tax assessments made during the tax years 1990 to 1996.

On December 22, 1997, the Treasurer filed the Claim for real estate taxes assessed against Debtors' Cook County, Illinois properties. The Claim seeks payment of taxes accrued during the last half of 1996 and due as of September 19, 1997. According to the Treasurer's assessment, the taxes due and owing for this period total \$6,521,193.46 with a prorated postpetition obligation,

including interest, of \$3,135,532.80. On May 6, 1999, the Treasurer filed a motion for administrative expenses seeking priority payment of this prorated postpetition obligation. (Doc. # 4514 in Case No. 97-1409).

Illinois property taxes, calculated by multiplying the fair cash value of the property by an assessment rate, are paid semi-annually. The value of all property is subject to reassessment at regular intervals to reflect current market conditions. See the Illinois Property Tax Code, 35 Illinois Compiled Statutes Annotated ("ILCS") 200/9-215. A taxpayer is entitled to notice and a hearing when there is a proposed increase in the assessed value of its real property. See 35 ILCS 200/9-220. The fair cash value is defined as "the amount for which the property can be sold in the due course of business and trade, not under duress, between a willing buyer and a willing seller." 35 ILCS 200/1-50. Under Illinois law, tax assessments are "presumed correct and legal," but the presumption is rebuttable. See 35 ILCS 200/23-15(b)(2). A property owner challenging a tax assessment has the burden of proving any contested matter of fact by "clear and convincing evidence." See id.

Debtors object to the Claim on the grounds that the Treasurer's assessment procedures have historically overvalued their properties resulting in unreasonably high tax assessments. Further, Debtors contend that the Treasurer has provided no support

for those valuations, nor proof that the Treasurer has conducted sufficient inspection or evidence gathering regarding Debtors' properties to support the assessments.

In an effort to demonstrate the historic overvaluation of their properties, Debtors engaged the services of independent certified appraisers (the "Appraisers") in hopes of determining more accurate market values of the properties. According to the valuations performed by the Appraisers, the fair market values for Debtors' properties were well below those established by the Treasurer, resulting in the alleged overassessment of taxes.⁴ Accordingly, Debtors commenced this adversary proceeding seeking disallowance of the Treasurer's Claim and turnover of any excess taxes paid to the Treasurer between 1990 and 1996 inclusive. Debtors assert that, because of the persistent overvaluation of their properties, the Treasurer owes them approximately \$6 million plus appropriate interest in tax refunds for those years.

Debtors also maintain that they are entitled to a set off against the Treasurer's Claim. Debtors have not yet paid the taxes owed postpetition for the second half of tax year 1996, claiming that, because this tax assessment is based upon the same flawed

⁴ For example, Debtors' Appraisers assessed Debtor's Chicago Ridge property for tax year 1993 at \$2,870,000 when the Treasurer had the same property for the same period assessed at \$4,748,313. Similarly, Debtors' Orland Park property was valued by the Appraisers for tax year 1993 at \$4,785,000 when the Treasurer had the same property for the same period assessed at \$6,920,763. (Doc. # 1).

valuation methodology employed by the Treasurer in making previous tax assessments, the properties should be revalued by this Court and the amount of past excess payments should be set off against the amount now due postpetition on the Treasurer's Claim.

Debtors maintain that throughout their decade-long dispute with the Treasurer, Debtors have routinely followed the prescribed method for contesting tax claims in Illinois. 35 ILCS 100/1-1 et. seq. Illinois law provides that a Cook County taxpayer may appeal any disputed tax assessment first by filing a complaint with the Cook County Assessor (the "Assessor"). If the taxpayer is unsatisfied with the Assessor's ruling, the taxpayer may file a complaint with the Cook County Board of Review (the "Board of Review"). Only after exhausting these administrative remedies may a taxpayer, upon paying the tax under protest, file an objection with the Circuit Court for Cook County. See 35 ILCS 200/23-10; 35 ILCS 100/23-5.

Debtors assert that, after being assessed and taxed in an allegedly excessive manner, they have filed complaints with the Assessor and appeals with the Board of Review and the Circuit Court for Cook County as required by law. Debtors also contend that they have yet to receive any meaningful relief from following this prescribed course of appeal.

The Treasurer argues that, because the validity of a claim in bankruptcy is determined at state law, the validity of the Treasurer's Claim is determined by relevant Illinois tax law. The

Treasurer maintains that under Illinois law, Debtors' challenge to the Claim is flawed. Illinois law prohibits a challenge to a tax assessment in court prior to payment of the disputed tax and exhaustion of all available administrative remedies. See 35 ILCS 11/23-5. Although Debtors apparently have availed themselves of the administrative and judicial remedies in Illinois for their prepetition claims, they have neither paid their postpetition tax obligations nor exhausted their administrative remedies for their 1996 tax year obligations. The Treasurer argues that Debtors should first pay their tax obligation for the second half of 1996 and then apply for a refund through the proper state agency before invoking this Court's jurisdiction.

Moreover, the Treasurer maintains that Debtors' assertion that the Treasurer's assessments are faulty is both factually baseless and legally irrelevant. Under Illinois law, simply offering a different valuation method or result is insufficient in challenging a tax assessment: the complainant must prove by "clear and convincing evidence" that the county assessment was incorrect. See, e.g., In the Matter of the Cook County Treasurer for Judgment and Order of Sale Against Real Estate Returned Delinquent for Nonpayment of General Taxes for the Years 1987, 1988, 1989, and 1990, Collins-Tuttle Co., Objector, unreported at 14-16, 23-24 (Cir. Ct. Cook County, May 17, 1999). The Treasurer asserts that Cook County has consistently followed prescribed and legitimate valuation methods for the properties in question and Debtors' offer

of alternative valuation methods reaching different results than those reached by the Treasurer is not enough under Illinois law to overcome the presumed validity of the Treasurer's assessments.

Furthermore, the Treasurer presented evidence suggesting that (i) thirty-one of Debtors' thirty-five prior tax assessments for the period between 1990 to 1996 have been contested before, and fully adjudicated by, the Board of Review; (ii) the remaining four of these thirty-five assessments were never challenged before the Board of Review by Debtors and Debtors never requested a refund on these four claims as required by Illinois law; (iii) of the thirty-one assessments in dispute, only twenty-six were subsequently appealed to the Circuit Court for Cook County; (iv) of these twenty-six, six were adjudicated through stipulated agreement and two others were voluntarily dismissed; (v) eighteen of the thirty-one assessments appealed by Debtors are still pending before the Circuit Court of Cook County; and (vi) a number of the delays complained of by Debtors in adjudicating these claims are the result of Debtors' requests for continuations. See Affidavit of Brian Forde, Assistant State's Attorney in Cook County, Illinois (the "Forde Affidavit") (Doc. # 14). Moreover, despite Debtors' contention that it still awaits determination of tax appeals dating back ten years, it appears that the oldest pending appeal that was not voluntarily continued by Debtors dates from 1993. See id. The following chart, compiled by the Treasurer from information contained in the Forde Affidavit, illustrates the current status of

Debtors' tax assessment disputes in the Circuit Court for Cook County:

	Chi.Ridge	Matteson	Niles	N.Riverside	Orland Park
1996	Pending	Pending	Pending	Pending	Pending
1995	No appeal filed	Pending	Pending	No appeal filed	Pending
1994	Pending	No appeal filed	No appeal filed	No appeal filed	Pending
1993	Pending	Voluntarily dismissed	Voluntarily continued	Pending	Pending
1992	No appeal filed	Voluntarily continued	Pending	Stipulated Judgement	Stipulated Judgement
1991	No appeal filed	Voluntarily continued	No appeal filed	Stipulated Judgement	Stipulated Judgement
1990	Voluntarily dismissed	Voluntarily continued	No appeal filed	Stipulated Judgement	Stipulated Judgement

See id.

DISCUSSION

The Treasurer moves this Court to abstain from hearing the present matter pursuant to 28 U.S.C. § 1334(c) that provides in relevant part:

(1) Nothing in this section prevents a district court in the interest of justice, or in the interest of comity with State courts or respect for State law, from abstaining from hearing a particular proceeding arising under title 11 or arising in or related to a case under title 11.

(2) Upon timely motion of a party in a proceeding based upon a State law claim or State law cause of action, related to a case under title 11 but not arising under title 11 or arising in a case under title 11, with respect to which an action could not have been

commenced in a court of the United States absent jurisdiction under this section, the district court shall abstain from hearing such proceeding if an action is commenced, and can be timely adjudicated, in a State forum of appropriate jurisdiction. Any decision to abstain or not to abstain made under this subsection is not reviewable by appeal or otherwise by the court of appeals under section 158(d), 1291, or 1292 of this title or by the Supreme Court of the United States under section 1254 of this title. This subsection shall not be construed to limit the applicability of the stay provided for by section 362 of title 11, United States Code, as such section applies to an action affecting the property of the estate in bankruptcy.

28 U.S.C. § 1334(c).

In support of its motion for abstention, the Treasurer sets out the criteria that courts traditionally consider in making such a determination:

- (1) the effect or lack thereof on an efficient administration of the estate if the court recommends abstention;
- (2) the extent to which state law issues predominate over bankruptcy issues;
- (3) difficulty or unsettled nature of applicable state law;
- (4) the presence of a related proceeding commenced in state court or other non-bankruptcy court;
- (5) the jurisdictional basis, if any, other than 28 U.S.C. § 1334;
- (6) the degree of relatedness or remoteness of the proceeding to the main bankruptcy case;
- (7) the substance rather than the form of an asserted "core" proceeding;

(8) the feasibility of severing state law claims from core bankruptcy matters to allow judgments to be entered in state court with enforcement left to the bankruptcy court;

(9) the burden of the court's docket;

(10) the likelihood that the commencement of the proceeding in bankruptcy court involves forum shopping by one of the parties;

(11) the existence of a right to a jury trial; and

(12) the presence in the proceeding of nondebtor parties.

See Continental Airlines, Inc. v. Allen (Matter of Continental Airlines, Inc.), 156 B.R. 441, 443 (Bankr. D. Del. 1993); TTS, Inc. v. Stackfleth (Matter of Total Technical Serv., Inc.), 142 B.R. 96, 100-01 (Bankr. D. Del. 1992).

Additionally, courts considering abstention in the context of tax disputes pursuant to § 505 have looked at further refining criteria for their decisions in an effort to satisfy the policy concerns embodied in § 505, avoiding delay in the administration of a debtor's estate and providing opportunity for challenges to tax claims when a debtor has been unwilling or unable to act, see, e.g., Gossman v. United States (In re Gossman), 206 B.R. 264, 266 (Bankr. N.D. Ga. 1997); Matter of Beisel, 195 B.R. 378, 379-80 (Bankr. S.D. Ohio 1996); In re Hunt, 95 B.R. 442, 444 (Bankr. N.D. Tex. 1989), including:

(1) the complexity of the tax issue to be decided;

(2) the need to administer the bankruptcy case in an orderly and efficient manner;

- (3) the burden on the Bankruptcy Court's docket;
- (4) the length of time required for trial and decision;
- (5) the asset and liability structure of Debtors; and
- (6) any prejudice or potential prejudice to both Debtors and taxing authority.

See, e.g., In re St. John's Nursing Home, Inc., 156 B.R. 117, 126 (Bankr. D. Mass. 1993) aff'd, 169 B.R. 795, 795 (Bankr. D. Mass. 1994); In re Queen, 148 B.R. 256, 259 (Bankr. S.D. W.Va. 1992) aff'd 16 F.3d 411 (4th Cir. 1994); In re AWB Assoc., G.P., 144 B.R. 270, 276 (Bankr. E.D. Pa. 1992); In re Galvano, 116 B.R. 367, 372 (Bankr. E.D.N.Y. 1990).

The Treasurer argues that application of these myriad factors militate in favor of abstention by this Court. Of primary importance, suggests the Treasurer, Debtors have taken advantage of every available opportunity at state law to challenge the disputed tax assessments. Thus, maintains the Treasurer, Debtors have not been denied an opportunity to contest the Treasurer's assessments and the relief sought by Debtors in this Court is duplicative of relief sought in the various Illinois tribunals.

The Treasurer makes the following additional arguments:

1. The relief sought by Debtors will not help the administration of the estate, further Debtors' reorganization, nor benefit Debtors' creditors. The amount recoverable is insignificant in comparison to Debtors's assets and operation and Debtors are not depending on a potential \$6 million tax refund from

Cook County to fund the Plan. Therefore, the present proceeding has no practical benefit to Debtors' reorganization warranting adjudication in this Court.

2. The size and complexity of the matter weigh against my consideration of Debtors' tax liability. Even taking into consideration the fact that many of the disputed tax assessments have been finally adjudicated or settled, there are still several years worth of tax claims on several distinct properties with which this Court would have to familiarize itself in order to make a ruling, in addition, to the time and effort required in learning and applying Illinois tax law. All of this will combine to burden the bankruptcy docket while providing little appreciable benefit to the estate.

3. Adherence to the doctrine of comity favors abstention as Debtors appear to be forum shopping in asking this Court to hear the Complaint. The only law implicated in this matter is Illinois tax law and therefore the relevant issues can easily be severed from Debtors' Chapter 11 case for determination by the Circuit Court for Cook County to then be enforced in this Court.

4. As a determination of Debtors' objection to the postpetition tax claim is contingent on a final determination of the disputed prepetition tax assessments, the Court should at least abstain from hearing Debtors' objection to the Treasurer's Claim until the prepetition tax disputes in Cook County are resolved. Until a final determination has been made as to the validity and

amount of the challenged assessments for tax years 1990 through 1995, it would be impossible to determine the extent to which Debtors' might be entitled to a set off against the tax due for 1996.

5. Mandatory abstention under 28 U.S.C. § 1334(c)(2) is also appropriate in the present matter because seeking turnover of a disputed, unliquidated, prepetition claim is not a core proceeding. See, e.g., Beard v. Braunstein, 914 F.2d 434, 444 (3d. Cir. 1990). Moreover, the action could not have been commenced in federal court absent a bankruptcy proceeding and can be timely adjudicated in an appropriate state forum. See, e.g., Bates & Rogers Contr. Corp. v. Continental Bank, N.A., 97 B.R. 905, 907 (N.D. Ill. 1989).

Debtors counter that mandatory abstention is inappropriate because this is a core proceeding and this Court has the authority under § 157 of Title 28 U.S.C. and § 505 to determine Debtors' tax liability. See 28 U.S.C. § 157(b)(2)(A), (B), (D) and (E); 11 U.S.C. § 505; see also In re Delorean Motor Co., 155 B.R. 521, 525 (B.A.P. 9th Cir. 1993); In re Super Van, Inc., 161 B.R. 184, 193 (Bankr. W.D. Tex. 1993); In re Rusty Jones, Inc., 124 B.R. 774, 780-81 (Bankr. N.D. Ill. 1991). Debtors argue that the Treasurer filed a proof of claim which necessitated the present action in the context of Debtors' Chapter 11 case, making this a core proceeding. Moreover, Debtors suggest that § 505 is designed to avoid inordinate delays in administration of tax claims during

bankruptcy and to facilitate reorganization, therefore, abstaining from adjudication of this matter will not expedite the resolution of this dispute nor aide Debtors' effective reorganization, potentially harming the interests of other creditors.

Additionally, Debtors argue that mandatory abstention is inappropriate because Debtors have been and continue to be unable to secure a timely and efficient adjudication of their tax disputes in Cook County. Thus, Debtors assert that this is a core matter and abstention is unwarranted and inappropriate pursuant to 28 U.S.C. § 1334(c)(2).

Further, Debtors suggest that the criteria set out by the Treasurer for discretionary abstention argue against abstention. Debtors maintain that the issue is not too complex for the Court; bankruptcy courts make valuation determinations all the time. According to Debtors, the Court is required to facilitate an orderly and efficient administration of this case and making the desired assessments in the present matter will not unduly burden the Court's docket while helping to avoid unnecessary delay in promoting Debtors' rehabilitation.

Debtors continue that, while the burden on the Court's docket will not be significant, the potential prejudice to Debtors from further delays in adjudicating this dispute if the Court abstains will be significant. Debtors further assert that the Treasurer has demonstrated no prejudice that it might suffer should these tax claims be settled in this Court. However, despite the

Treasurer's assertions to the contrary, Debtors maintain that \$6 million is not an insignificant sum in Debtors' reorganization and delaying the possible recovery of such a sum poses a hardship for Debtors and their creditors.

Debtors also argue that they are not forum shopping simply by asserting their rights under the Bankruptcy Code and that they should not be precluded from asserting those rights simply because they availed themselves of the required procedures in Illinois. Debtors contend that abstention is inappropriate because they would be unable to receive a timely adjudication of this matter in another jurisdiction. This has been demonstrated, argue Debtors, by the prolonged battle they have waged in Cook County over these claims in various tribunals.

I find that application of the various abstention criteria set forth in Matter of Continental Airlines and In re Galvano and their progeny to the facts before me leads to the conclusion that abstention⁵ is warranted in the present matter. See 156 B.R. at 443; 116 B.R. at 372; see also Citicorp Savings of Illinois v. Chapman (In re Chapman), 132 B.R. 153, 157 (Bankr. N.D. Ill. 1991)(finding that when most of the criteria for abstention

⁵ I note that, regardless of whether Debtors' contesting of the Treasurer's Claim is considered a core or non-core proceeding pursuant to 28 U.S.C. § 157(b), 28 U.S.C. § 1334(c)(1) grants me the discretion to abstain from a "particular proceeding arising under title 11 or arising in or related to a case under title 11" thereby authorizing abstention, where appropriate, from both core and non-core proceedings.

have been met, bankruptcy courts should give careful consideration whether it would be appropriate to exercise their discretion to abstain under 28 U.S.C. § 1334(c)(1)); Northbrook Partners LLP v. Hennepin County (In re Northbrook Partners), 245 B.R. 104, 118-19 (Bankr. D. Minn. 2000)(same). My hearing this matter, even on an expedited basis, will have little bearing on the efficient administration of the estate or Debtors' reorganization given that the Plan was confirmed on July 15, 1999 and has been substantially consummated. Regardless of whether the possible recovery of the \$6 million at issue is a significant or insignificant sum in the context of Debtors' reorganization, I believe the circumstances of this case have changed dramatically since the Treasurer's Claim was filed. It seems unlikely, given the present state of Debtors' reorganization, that awaiting a determination by the Circuit Court for Cook County of the amount and availability of any funds that might derive from this dispute will have a significant impact on Debtors' affairs.

Going forward with the pending adjudication in Cook County will, in all likelihood, be a far more efficient course to pursue in resolving this dispute. Although the record indicates that Debtors have concerns for the speed with which some of these claims have been adjudicated in Cook County, those concerns alone do not convince me that abstention would be inappropriate, particularly when it has been suggested that many of the delays

complained of are not as long-standing as Debtors maintain and some of the delays have been of Debtors' own making.

Without question, state law issues predominate over bankruptcy issues in the present dispute. Indeed, this matter only involves interpretation and application of Illinois tax law. See, e.g., Nat'l Union Fire Ins. Co. v. Titan Energy, Inc. (In re Titan Energy, Inc.), 837 F.2d 325, 332 (8th Cir. 1988)(holding that, where a state court proceeding sounds in state law and bears only a limited connection to debtor's bankruptcy case, abstention is particularly compelling). Requiring me to familiarize myself not only factually but legally with the present matter seems an inefficient and ineffective method for resolving these disputes. See, e.g., Cordes v. Continental Holdings, Inc. (In re Continental Holdings, Inc.), 158 B.R. 442, 445 (Bankr. N.D. Ohio 1993)(finding that federal courts should be hesitant to exercise jurisdiction when state issues substantially predominate); Citibank v. White Motor Corp. (In re White Motor Credit), 761 F.2d 270, 274 (6th Cir.1985)(same). Most of the disputed assessments have progressed through the administrative and judicial authorities in Illinois, suggesting a greater familiarity with the particulars than could be replicated here in a reasonable period of time. The Circuit Court for Cook County is far better versed legally and far better prepared factually to address these contested assessments than I am.

The presence of a pending non-bankruptcy proceeding and the fact that I would not have jurisdiction over this dispute save for Debtors' Chapter 11 case are also factors that argue in favor of abstention. The dispute between Debtors and the Treasurer bears only limited relation to Debtors chapter case, particularly given that Debtors' Plan is largely consummated. See, e.g., In re Continental Holdings, 158 B.R. at 445; In re White Motor Credit, 761 F.2d at 274; see also In re Futura Indus., Inc., 69 B.R. 831, 835 (Bankr. E.D. Pa.1987)(holding that the limited connection between the state court proceeding and debtor's bankruptcy case was a significant factor in reaching an abstention decision). The present dispute is easily severed from Debtors' bankruptcy and there is an available and prepared state court forum capable of full and efficient determination of the dispute, as evidenced by the resolution of more than half of Debtors' original thirty-five disputed assessments.

My decision to abstain turns principally on concerns for comity, particularly given that during the long history of these disputes between the parties, the claims at issue have already progressed through the various levels of the Cook County appeals process. See Quackenbush v. Allstate Ins. Co., 517 U.S. 706, 723 (1996) (reasoning that the interests of comity suggest that federal courts abstain out of deference to the paramount interests of sovereign governments); Colorado River Water Conservation District v. United States, 424 U.S. 800, 815 (1976)(holding that abstention

is appropriate in allowing a federal court to defer to concurrent state court proceedings addressing the same issue); Gober v. Terra + Corp. (Matter of Gober), 100 F.3d 1195, 1206 (5th Cir. 1996) (holding that the abstention provision under 28 U.S.C. § 1334(c)(1) though optional, grants courts broad discretion to abstain from hearing state law claims whenever an action is commenced, and can be timely adjudicated, in a state forum of appropriate jurisdiction); In re Caranci, 228 B.R. 777, 778 (Bankr. M.D. Fla 1998)(same). It seems to me that the state administrative and judicial bodies charged with resolving these disputes are more qualified and prepared to see these disputes through to conclusion. In re Northbrook Partners, 245 B.R. at 118-19 (recognizing that the complexity of tax law and the difficulties of valuation methods distinct from typical bankruptcy valuation methods argued in favor of abstention).

Moreover, Cook County has a vested interest in interpreting and applying its own tax code according to a uniform process. See id. at 120 (abstaining in deference to the taxing authority's interest in preserving the uniformity and legitimacy of its assessment process); see also Zack v. United States, 224 B.R. 601, 606 (Bankr. E.D. Mich. 1998)(reasoning that concerns for comity favor abstention from hearing tax disputes). Cook County has invested substantial time and effort in addressing these disputed tax assessments. It seems clear, given that concessions to comity are expressly contained in the abstention language of 28

U.S.C. § 1334(c), that, on balance, I should defer to the authorities in Cook County in allowing them to resolve the pending tax disputes between Debtors and the Treasurer.

CONCLUSION

For the reasons set forth above, the Treasurer's motion seeking an order of abstention is granted.

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

IN RE:)	Chapter 11
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MONTGOMERY WARD HOLDING CORP.,)	Case No. 97-1409 (PJW)
a Delaware corporation, et al.,)	
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MARIA PAPPAS, not individually,)	
but in her capacity as)	
Treasurer of Cook County,)	
Illinois,)	
)	
Defendant.)	

ORDER

For the reasons set forth in the Court's Memorandum Opinion of this date, the Motion of Defendant Cook County Treasurer for an Order of Abstention (Doc. # 6) is GRANTED.

Peter J. Walsh
Bankruptcy Court Judge

Date: September 1, 2000