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Hearing Date: February 28, 2017
Time: 11:00 AM

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

_____ X
In re:

Chapter 11

REPUBLIC AIRWAYS HOLDINGS, INC.,

Case No. 16-10429 (SHL)
Jointly Administered

Debtors.
_____ X

OBJECTION OF THE NEW YORK STATE DEPARTMENT OF TAXATION AND FINANCE TO CONFIRMATION OF THE DEBTORS’ SECOND AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Amanda Hiller, Deputy Commissioner and Counsel of the New York State Department of Taxation and Finance (the “Department”), by Jeffrey K. Cymbler, District Tax Attorney, respectfully submits this Objection to confirmation of the Debtors’ Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated December 12, 2016 (the “Plan”). For the reasons stated below, the Plan should not be confirmed because it does not comply with 11 U.S.C. §§ 1129(a)(9)(C).

1. The Department has filed unsecured priority tax claims for unpaid corporate taxes against

the following Debtor entities in the following amounts:

- Shuttle America Corporation (claim # 1366) - \$38,237.00
- Republic Airline Inc. (claim # 1365) - \$22,477.00
- Republic Airways Services, Inc. (claim # 576) - \$3,578.04
- Skyway Airlines, Inc. (claim # 627) - \$1,311.01.

2. Pursuant to Section 1129(a)(9) (C) of the Bankruptcy Code, a plan may not be confirmed unless it provides that the holders of unsecured priority tax claims

will receive on account of such claim regular payments in cash – (i) of a total value, as of the effective date of the plan, equal to the allowed amount of such claim; (ii) over a period ending not later than 5 years after the date of the order of relief . . . and (iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan

3. Section 3.5 of the Plan provides, in relevant part, as follows:

Each holder of an Allowed Priority Tax Claim against the Debtors shall receive, at the sole option of the Post-Effective Date Debtors, . . . (b) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code.

4. The Plan should specifically provide

- the date when such installment payments will commence;
- the regular installment interval;
- the term or duration of the installment payments; and
- for the payment of interest accruing from the date of the Plan's confirmation at the non-bankruptcy interest rate (as required by section 511 of the Bankruptcy Code), which as it relates to the Department's priority tax claims is 8%.

WHEREFORE, the Department respectfully request that the Court deny confirmation of the Plan and grant such other and further relief as the Court deems just and proper.

Dated: Brooklyn, New York
February 3, 2017

Respectfully submitted,

Amanda Hiller
Deputy Commissioner and Counsel
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