

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States v. Detroit Lumber Co.*, 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

UNITED STATES ET AL. V. TEXAS ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE
FIFTH CIRCUIT

No. 91–1729. Argued March 1, 1993—Decided April 5, 1993

States participating in the Food Stamp Program receive from the United States Department of Agriculture coupons that they distribute to qualified individuals and households. If they distribute the coupons through the mail, they must reimburse the Federal Government for part of the replacement cost for any coupons that are lost or stolen. Texas, which contractually bound itself to comply with all federal regulations governing the program, incurred substantial mail issuance losses and was informed that prejudgment interest would begin to accrue on its debt unless payment was made within 30 days. After being denied administrative relief, Texas filed suit against the United States, arguing, *inter alia*, that the Debt Collection Act of 1982 (Act) abrogated the United States' common law right to collect prejudgment interest on debts owed to it by the States. The District Court granted summary judgment in favor of the United States, but the Court of Appeals reversed.

Held: The Act left in place the States' federal common law obligation to pay prejudgment interest on debts owed to the Federal Government. Pp. 4–10.

(a) It is a longstanding rule that a party owing debts to the Federal Government must pay prejudgment interest where the underlying claim is a contractual obligation to pay money. Also longstanding is the principle that statutes invading the common law are to be read with a presumption favoring retention of existing law except when a statutory purpose to the contrary is evident. This presumption is not limited to state common law or federal maritime law. Pp. 4–5.

(b) The Act is silent as to the States' obligations to pay prejudgment interest. That the Act applies only to debts owed by a "person" establishes only Congress' intent to exempt the States from the obligation to pay interest in accordance with the Act's mandatory provisions, not an intent to relieve them of their common law obligation. Given the differences between the Act—which *requires* federal agencies to collect prejudgment interest at a pre-established rate—and the common law—which gives federal courts flexibility in determining whether to impose interest and the appropriate rate—it is logical to

conclude that the Act was intended to reach only private debtors and to leave the States alone. The Act's purpose—to enhance the Government's debt collection ability—reinforces this reading of its plain language. Texas' proposed reading, however, would give delinquent States less incentive to pay their debts. Neither the fact that the Food Stamp Act has a mechanism to collect debts nor the fact that Congress did not see the States as the root of the debt collection problem when it passed the Debt Collection Act indicates that Congress meant to relieve the States of their common law obligation. Texas incorrectly argues that the reimbursement requirement is not subject to prejudgment interest because it is a penalty rather than a contractual obligation. *Rodgers v. United States*, 332 U. S. 371, 374–376, distinguished. Pp. 5–10.

UNITED STATES v. TEXAS

Syllabus

951 F. 2d 645, reversed.

REHNQUIST, C. J., delivered the opinion of the Court, in which WHITE, BLACKMUN, O'CONNOR, SCALIA, KENNEDY, SOUTER, and THOMAS, JJ., joined. STEVENS, J., filed a dissenting opinion.