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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 Timber & Lumber Co.,* 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

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FLORIDA DEPARTMENT OF REVENUE *v.* PICCADILLY CAFETERIAS, INC.

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

No. 07–312. Argued March 26, 2008—Decided June 16, 2008

After respondent (Piccadilly) declared bankruptcy under Chapter 11, but before its plan was submitted to the Bankruptcy Court, that court authorized Piccadilly to sell its assets, approved its settlement agreement with creditors, and granted it an exemption under 11 U. S. C. §1146(a), which provides a tax-stamp exemption for any asset transfer "under a plan confirmed under section 1129." After the sale, Piccadilly filed its Chapter 11 plan, but before the plan could be confirmed, petitioner Florida Department of Revenue (Florida) objected, arguing that the stamp taxes it had assessed on certain of the transferred assets fell outside §1146(a)'s exemption because the transfer had not been under a confirmed plan. The court granted Piccadilly summary judgment. The Eleventh Circuit affirmed, holding that §1146(a)'s exemption applies to preconfirmation transfers necessary to the consummation of a confirmed Chapter 11 plan, provided there is some nexus between such transfers and the plan; that §1146(a)'s text was ambiguous and should be interpreted consistent with the principle that a remedial statute should be construed liberally; and that this interpretation better accounted for the practicalities of Chapter 11 cases because a debtor may need to transfer assets to induce relevant parties to endorse a proposed plan's confirmation.

Held: Because §1146(a) affords a stamp-tax exemption only to transfers made pursuant to a Chapter 11 plan that has been confirmed, Piccadilly may not rely on that provision to avoid Florida's stamp taxes. The most natural reading of §1146(a)'s text, the provision's placement within the Bankruptcy Code, and applicable canons of statutory construction lead to this conclusion. Pp. 4–19.

(a) Florida's reading of §1146(a) is the most natural. Contending

that the text unambiguously limits stamp-tax exemptions to postconfirmation transfers made under the authority of a confirmed plan, Florida argues that "plan confirmed" denotes a plan confirmed in the past, and that "under" should be read to mean "with the authorization of" or "inferior or subordinate" to its referent, here the confirmed plan, see *Ardestani* v. *INS*, 502 U. S. 129, 135. Piccadilly counters that the provision does not unambiguously impose a temporal requirement, contending that had Congress intended "plan confirmed" to mean "confirmed plan," it would have used that language, and that "under" is as easily read to mean "in accordance with." While both sides present credible interpretations, Florida's is the better one. Congress could have used more precise language and thus removed all ambiguity, but the two readings are not equally plausible. Piccadilly's interpretation places greater strain on the statutory text than Florida's simpler construction. And Piccadilly's emphasis on the distinction between "plan confirmed" and "confirmed plan" is unavailing because §1146(a) specifies not only that a transfer be "under a plan," but also that the plan be confirmed pursuant to §1129. Ultimately this Court need not decide whether §1146(a) is unambiguous on its face, for, based on the parties' other arguments, any ambiguity must be resolved in Florida's favor. Pp. 4–7.

(b) Even on the assumption that §1146(a)'s text is ambiguous, reading it in context with other relevant Code provisions reveals nothing justifying Piccadilly's claims that had Congress intended §1146(a) to apply exclusively to postconfirmation transfers, it would have made its intent plain with an express temporal limitation, and that "under" should be construed broadly to mean in "in accordance with." If statutory context suggests anything, it is that §1146(a) is inapplicable to preconfirmation transfers. The provision's placement in a subchapter entitled "POSTCONFIRMATION MATTERS" undermines Piccadilly's view that it extends to preconfirmation transfers. Piccadilly's textual and contextual arguments, even if fully accepted, would establish at most that the statutory language is ambiguous, not that the purported ambiguity should be resolved in Piccadilly's favor. Pp. 7–13.

(c) The federalism cannon articulated in *California State Bd. of Equalization* v. *Sierra Summit, Inc.*, 490 U. S. 844, 851–852—that courts should "proceed carefully when asked to recognize an exemption from state taxation that Congress has not clearly expressed"—obliges the Court to construe §1146(a)'s exemption narrowly. Piccadilly's interpretation would require the Court to do exactly what the canon counsels against: recognize an exemption that Congress has not clearly expressed, namely, an exemption for preconfirmation transfers. The various substantive canons on which Piccadilly relies

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for its interpretation—most notably, that a remedial statute should be construed liberally—are inapposite in this case. Pp. 13–19.

484 F. 3d 1299, reversed and remanded.

THOMAS, J., delivered the opinion of the Court, in which ROBERTS, C. J., and SCALIA, KENNEDY, SOUTER, GINSBURG, and ALITO, JJ., joined. BREYER, J., filed a dissenting opinion, in which STEVENS, J., joined.