

Title:

Tiu, Montelibano, and Jungco v. Court of Appeals, et al.

Facts:

The case arises from the enactment of Republic Act No. 7227 (RA 7227), also known as the “Bases Conversion and Development Act of 1992.” This Act aimed to convert former U.S. military bases into alternative productive uses, such as establishing the Subic Special Economic Zone (SSEZ) with special privileges.

Seeking to clarify and detail the tax and duty incentives within the zone, President Fidel V. Ramos issued Executive Order No. 97 (EO 97) and Executive Order No. 97-A (EO 97-A). EO 97-A specified that only the “secured area” of the SSEZ would enjoy the full application of tax and duty incentives. This stipulation confined the benefits to the fenced-in former Subic Naval Base area, excluding those in the broader territory of the SSEZ.

Petitioners Conrado L. Tiu, Juan T. Montelibano Jr., and Isagani M. Jungco filed a petition before the Supreme Court challenging the constitutionality of EO 97-A for being discriminatory and thus violating the equal protection clause of the Philippine Constitution.

When this Court referred the petition to the Court of Appeals, it maintained the constitutionality and validity of EO 97-A, citing that the “secured area” was consistently defined in both RA 7227 and EO 97-A, and that there was legislative deliberation to justify such delineation within the ‘secured area’ rather than the entire territories mentioned in the Act.

The Court of Appeals also reasoned that the limitation of tax benefits was within the legislative intent to promote public benefit or interest, and EO 97-A merely implemented this purpose.

Petitioners then filed for review to the Supreme Court after their motion for reconsideration was denied by the Court of Appeals.

Issues:

The primary legal issue raised is whether EO 97-A violates the equal protection clause of the Philippine Constitution by confining the application of RA 7227 to the secured area and excluding residents of the SSEZ outside the secured area from the tax and duty incentives, resulting in discriminatory effects.

**Court's Decision:**

The Supreme Court denied the petition, affirming the constitutionality of EO 97-A. The Court ruled that EO 97-A did not violate the equal protection clause as it was based on a reasonable classification that made substantive distinctions between the circumstances within and outside the former Subic Naval Base. The decision highlighted that the EO's classification was germane to achieving the law's purpose of converting the military base to productive civilian uses and promoting economic growth. Thus, extending benefits and incentives in RA 7227 to the 'secured area' was justified.

**Doctrine:**

The doctrine established in this case reiterates that not all classifications under the law are violative of the equal protection clause. A classification based on valid and reasonable standards, serving the purpose of the law, and applying to all members of the same class, is constitutional.

**Class Notes:**

- Equal Protection: Laws do not need to operate uniformly if the classification is reasonable, based on substantial differences, and applies to all members of the defined class.
- Legislative Intent: The intent of the legislature is integral in determining the constitutionality of executive issuances that implement law.
- Executive Orders: The validity of executive orders depends on their consistency with the purpose of the enabling law and their reasonable classification.

**Historical Background:**

This case must be viewed within the historical context of the Philippine government's efforts to repurpose former U.S. military bases after the termination of the RP-US Bases Treaty. RA 7227 and subsequent executive orders were the state's response to manage the transition of these bases into economic zones to stimulate growth and development. EO 97-A, in particular, was a mechanism to enhance investment incentives within the strategically important "secured area" of the Subic Special Economic Zone, as the government sought to attract investment and manage the area effectively.