

****Title:**** Abraham Rimando vs. Naguilian Emission Testing Center, Inc.

****Facts:****

The story unfolded when Naguilian Emission Testing Center, Inc., represented by its President Rosemarie Llarenas (the respondent), sought to renew its business permit with the Municipality of Naguilian, La Union. They intended to continue their emission testing business on a parcel of land previously declared as alienable and disposable by the Department of Environment and Natural Resources (DENR). However, Abraham Rimando, the then-mayor of Naguilian (the petitioner), refused the renewal unless the respondent entered into a lease agreement with the municipality. Despite negotiations, no agreement was reached, compelling the respondent to file a petition for mandamus and damages against the petitioner, demanding the issuance of a business permit without the precondition of a lease contract.

The Regional Trial Court (RTC) of Bauang, La Union, dismissed the petition, endorsing the municipality's claim over the land and the mayor's discretionary power in issuing business permits. Dissatisfied, the respondent escalated the matter to the Court of Appeals (CA), which later deemed the appeal moot due to the elapsed permit period but nonetheless examined the case "for academic purposes." The CA reversed the RTC's decision, pinpointing procedural flaws in the municipality's demands and underscoring the petitioner's lack of authority to condition the permit issuance on a lease agreement.

The petitioner challenged the CA's findings before the Supreme Court (SC), invoking procedural clarifications and reiterating the discretionary nature of permit issuance by a mayor.

****Issues:****

1. Whether a business permit's renewal can be contingent upon entering into a lease contract with the municipality.
2. The mootness of the case regarding the permit's period expiration.
3. The discretionary power of a mayor in issuing business permits under the Local Government Code.

****Court's Decision:****

The SC supported the notion that the issue had become moot and academic due to the

passage of time and the expiration of the business permit in question. The Court emphasized its general practice of not deciding on cases without justiciable controversies. It reasoned that any ruling would lack practical utility since the permit period had already elapsed and the petitioner was no longer the mayor.

Furthermore, the SC iterated that the power to issue business permits is inherently discretionary—rooted in the delegated police power of local government units. This discretion, by nature, cannot be mandated through a writ of mandamus. The Court invoked its prior decision in “Roble Arrastre, Inc. v. Hon. Villaflor,” affirming that such powers are to be exercised in pursuit of the general welfare under the Local Government Code, and are not open to compulsion through mandamus.

****Doctrine:****

The decision reaffirmed that the issuance of business permits by a mayor is a discretionary power under the delegated police power, emphasizing that such discretionary duties cannot be compelled by a writ of mandamus, aligning with the principles laid out in “Roble Arrastre, Inc. v. Hon. Villaflor.”

****Class Notes:****

- ****Discretionary Power vs. Ministerial Duty****: A mayor’s power to issue or deny business permits is discretionary, not ministerial.
- ****Mootness Principle****: Courts will not decide cases wherein no actual relief can be granted due to changes in circumstances, such as time elapsed or termination of applicability.
- ****Delegated Police Power****: Local governments have police powers delegated by national law, primarily for ensuring the general welfare, which include regulating businesses through licensing.

****Historical Background:****

This case illustrates the tension between local government autonomy, represented by the discretionary powers granted to local officials, and the rights of businesses operating within their jurisdiction. It underscores the balancing act that must be performed in exercising police power: ensuring the welfare of the community and the rights of businesses to operate free from undue restrictions. The decision also reflects the evolving understanding of the role and powers of local government officials under the Philippines’ Local Government

Code.