

Title:

Magtajas v. Pryce Properties Corp., Inc. and Philippine Amusement and Gaming Corporation (PAGCOR)

Facts:

The controversy centers on the establishment of a casino in Cagayan de Oro City by the Philippine Amusement and Gaming Corporation (PAGCOR) in collaboration with Pryce Properties Corporation, Inc. This decision was met with widespread opposition from various sectors of the city, including civic organizations, religious groups, women's groups, the youth, the mayor, and city legislators. Responding to the public outcry, the Sangguniang Panlungsod of Cagayan de Oro City enacted Ordinance No. 3353 on December 7, 1992, prohibiting the issuance and renewal of business permits to establishments for casino operations. This was followed by a more stringent Ordinance No. 3375-93 on January 4, 1993, outrightly prohibiting casino operations within the city limits.

Pryce Properties and PAGCOR challenged the validity of these ordinances before the Court of Appeals, which ruled in their favor, declaring the ordinances invalid and enjoining their enforcement. The City of Cagayan de Oro and its mayor then elevated the case to the Supreme Court via a petition for review under Rule 45 of the Rules of Court, questioning the appellate court's rulings and asserting the city's authority to enact the ordinances under the Local Government Code.

Issues:

1. Whether the Sangguniang Panlungsod of Cagayan de Oro has the authority under the Local Government Code to prohibit the establishment and operation of a PAGCOR casino within its territorial jurisdiction.
2. Whether the prohibited "gambling and other prohibited games of chance" under Section 458 of the Local Government Code strictly pertain only to illegal gambling.
3. Whether the questioned ordinances effectively annul PD 1869 (PAGCOR Charter) and are thus invalid.
4. If the ordinances are discriminatory against casinos while being partial to other forms of gambling like cockfighting.
5. The reasonableness and consistency of the ordinances with the statutory powers and policies of the state.

Court's Decision:

The Supreme Court denied the petition and affirmed the decision of the Court of Appeals. It

clarified that the Local Government Code empowered local governments to regulate, but not prohibit, gambling activities expressly allowed by law, such as those under PD 1869 which established PAGCOR. The Court distinguished between regulation and outright prohibition, indicating that the challenged ordinances ventured into the territory of prohibition which overstepped the bounds of authority granted to local governments. It underscored the principle that ordinances should not contravene existing statutes like PD 1869. The Court also highlighted that PAGCOR's charter was not repealed or otherwise rendered ineffective by the Local Government Code.

Doctrine:

The Supreme Court upheld the principle that local government units (LGUs) have the authority to regulate but not prohibit activities that are expressly allowed by national law. In cases where a local ordinance conflicts with a statute, the statute prevails. Furthermore, the power of PAGCOR to centralize and regulate casinos as granted by PD 1869 remains unimpaired by the Local Government Code.

Class Notes:

- LGUs may enact ordinances to promote general welfare but must not contravene national laws or statutes.
- The principle of local autonomy does not grant LGUs the power to prohibit activities expressly allowed by law.
- PD 1869 (PAGCOR Charter) grants PAGCOR the authority to operate and regulate casinos, a power that cannot be negated by local ordinances.
- Principles involved: non-contravention of statutes by local ordinances, legislative power of LGUs under the Local Government Code, and the specific regulatory powers of PAGCOR.

Historical Background:

The case highlights the tension between the national government's interest in utilizing gambling for revenue generation through PAGCOR and local governments' attempts to exercise their autonomy to regulate or prohibit gambling within their jurisdictions pursuant to the Local Government Code of 1991, which aimed at decentralizing powers to LGUs, promoting local autonomy, and enhancing local governance.