

****Title:****

The City of Davao vs. The Regional Trial Court, Branch XII, Davao City and the Government Insurance System (GSIS)

****Facts:****

- The case involves the Government Service Insurance System (GSIS)' claim for continued tax exemption on certain properties in Davao City for the years 1992 to 1994.
- On April 8, 1994, a Notice of Public Auction was sent to GSIS for non-payment of realty taxes on parcels of land in Matina and Ulas, Davao City. The total tax delinquency was PHP 295,721.61.
- The auction was later reset after a deadline extension granted by the city.
- On July 28, 1994, GSIS received Warrants of Levy.
- On August 29, 1994, another Public Auction Notice was sent, scheduling the auction for September 20, 1994.
- GSIS filed a Petition for Certiorari and other related reliefs with the RTC Davao on September 1994, resulting in a temporary restraining order.
- A writ of preliminary injunction was issued on April 3, 1995.
- The pre-trial focused on whether sections 234 and 534 of the Local Government Code (LGC) had abolished GSIS's realty tax exemption.
- On May 28, 1996, the RTC ruled in favor of GSIS, maintaining its tax exemption citing Presidential Decree (P.D.) No. 1146, as amended by P.D. No. 1981.
- Davao City filed a Motion for Reconsideration, which was denied, prompting the petition to the Supreme Court.

****Issues:****

1. Whether Sections 234 and 534 of the Local Government Code revoked the tax exemption for real properties owned by the GSIS.
2. Whether the conditionalities specified in P.D. No. 1146, as amended by P.D. No. 1981, were satisfied, thereby affecting the continued real property tax exemption of GSIS.

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

1. ****Revocation of Tax Exemption by the Local Government Code:****
 - The Supreme Court held that Sections 193, 232, and 234 of the Local Government Code unequivocally withdrew the tax exemptions for government-owned or controlled corporations like GSIS.
 - The Court noted the legislative plenary power was capable of repealing prior tax exemptions unless restricted explicitly by constitutional provisions.

2. **Satisfaction of Conditionalities in Section 33 of P.D. No. 1146 as Amended by P.D. No. 1981:**

- The requirement that Section 33 of P.D. No. 1146 must be expressly and categorically repealed, and another provision enacted to replace it, was found to be invalid.
- The Court highlighted that such conditions could not constrain legislative authority and that only the Constitution could restrict Congress's power to repeal statutes.
- The Local Government Code's broad removal of tax exemptions applied, as the tax-exempt status of GSIS was already withdrawn upon its enactment in 1992.

3. **Aligning with Constitutional Frameworks and Precedents:**

- In adherence to the principles of local autonomy enshrined in Sections 2 and 5 of the Constitution, local governments were empowered to levy taxes, including real property taxes on properties like those owned by GSIS.

Doctrine:

- Local Government Code (1992) effectively repealed the tax exemptions for government-owned or controlled corporations (GOCCs), encompassing GSIS.
- Conditions imposed within a statute (P.D. No. 1981) cannot restrain the plenary legislative power to repeal or amend laws.
- Constitutional principles underpin local autonomy and empower local government units to impose taxes.

Class Notes:

- **Plenary Legislative Power:** The doctrine that no legislature can bind itself or its successors by passing irrepealable laws. (See *Duarte v. Dade*, citing *Lewis' Southerland on Statutory Construction*)
- **Section 193, LGC:** Withdrawal of tax exemptions for GOCCs unless explicitly retained.
- **Sections 232 & 234, LGC:** Authorization for local units to levy real property taxes on properties not expressly exempt.
- **Constitutional Provisions:** Sections 2 and 5 on local government autonomy and tax levies.

Historical Background:

- The *GSIS vs. Davao City* case must be viewed in the context of evolving principles of local autonomy propagated through the 1992 Local Government Code.
- The decision reflects the shift from centralized governance to greater local financial autonomy as intended by the Constitution and reinforced by legislative reforms.

- The case underscores conflicts arising from overlapping statutes enacted during different political regimes, predominantly the martial law period vis-à-vis democratic legislative inputs post-People Power Revolution.