

NETRAN, INC., PLAINTIFF-APPELLEE, VS. BACOLOD CITY AND MIGUEL REYNALDO, IN HIS CAPACITY AS BACOLOD CITY TREASURER, DEFENDANTS-APPELLANTS.

G.R. No. L-29961. August 31, 1970

Ponente: REYES, J.B.L., J.

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REYES, J.B.L., J.:

Appeal interposed by the City and City Treasurer of Bacolod from the decision of the Court of First Instance of Negros Occidental (in Civil Case No. 8072), declaring as null and void Ordinance No. 875, series of 1966, imposing graduated annual license fees on operators of transportation companies in the City of Bacolod.

The case commenced with the filing in court by Netran, Inc. of a complaint, challenging the authority of the City Council of Bacolod to enact an ordinance (No. 875, s. 1966) imposing annual license fees on operators of public utility vehicles in Bacolod City, and praying for the declaration of its nullity. After the defendants Bacolod City and City Treasurer had filed their joint answer sustaining the validity of the disputed measure, the parties stipulated on the following facts:

“2. That plaintiff is the owner and operator of a public utility duly franchised by the Public Service Commission and is actually engaged in the business of transporting goods and passengers from Bacolod City, Balintawak, San Carlos City and Dumaguete City, Bayawan, Negros Oriental and vice-versa;

“3. That plaintiff has duly secured and paid the necessary licenses and fees for all its operating units, in the operation of its business as a public utility, imposed by the Land Transportation Code, the Public Service Act and other related laws;

“4. That plaintiff likewise pays a privilege franchise tax of two percent (2%) on the gross collections as common carrier's tax, payable monthly to the Bureau of Internal Revenue for the operation of the said public utility as provided for by the Internal Revenue Code;

“5. Plaintiff's motor vehicles are prohibited from operating within the city limits of Bacolod City as defined and delimited by Ordinance No. 43, Series of 1961, of the said defendant Bacolod City;

“6. That defendant Bacolod City, thru its City Council passed an ordinance imposing an annual graduated license fee of TPU operators or transportation companies in the City of Bacolod. Said license fee imposition being specifically provided for by the provisions of Section 1 of the City Ordinance No. 875, Series of 1966 of defendant Bacolod City, xxxx;

“7. That defendant Bacolod City and defendant Miguel Reynaldo have collected and are still imposing and collecting the aforementioned graduated license fee on the herein plaintiff. In fact, plaintiff had paid defendant under protest the amount of Nine Hundred Twenty (P920.00) Pesos, as evidenced by defendant's Official Receipt No. K-1065489 dated January 18, 1967, as payment of the said graduated license for the year 1967;

“8. That the motor vehicles of herein plaintiff, operated by it as a public utility, are all under the Land Transportation Commission denomination or classification of PUB;

"9. That there are other PUB vehicles with the same fixed route of from Bacolod City, Balintawak, San Carlos City, Dumaguete City, Bayawan, Negros Oriental and vice versa, which are not subjected to the license fee imposition adverted to in paragraph 6 hereof, as the operator and/or owner of said PUB motor vehicles are not residents of Bacolod nor they have their principal place of business in Bacolod City, nor do they maintain a garage or repair shop at Bacolod City."

Based upon the foregoing stipulation of facts, the court rendered judgment on 15 November 1967, ruling out the authority of the City Council of Bacolod to enact the questioned tax measure, in view of the explicit provisions of the Land Transportation and Traffic Code (Republic Act 4136) and the Local Autonomy Act (Republic Act 2264), withholding from local governments the power to tax the registration, use and operation of motor vehicles. It is this decision that is the subject of the present appeal.

Asserting that the enactment of Ordinance No. 875, which fixes the rate of the annual license fee payable by operators of transportation companies depending on the number of units owned or operated by said companies,[1] comes within the general authority of the City Council of Bacolod, appellants invoke the city charter which provides:

"Sec. 17, General powers and duties of the Council.- Except as otherwise provided by law, and subject to the conditions and limitations thereof, the City Council shall have the following legislative powers:

XXXXX XXXXX XXXXX

"(n) To tax motor and other vehicles, notwithstanding the provisions to the contrary contained in section thirteen of Act Numbered Thirty-nine hundred and ninety-two, as amended, all automobiles and trucks belonging to the National Government or to any provincial or municipal government and automobiles and trucks not regularly kept in the City of Bacolod, shall be exempt from such tax." (Com. Act No. 326,[2] as amended by Com. Act No. 404).

In 1950, however, Republic Act 587 was passed to amend certain sections of the Motor Vehicle Law (Act 3992). Among those affected was subsection (b) of Section 70,[3] Article 2, Chapter IV thereof, which was made to read as follows:

"(b) No other taxes or fees than those prescribed in this Act shall be imposed for the registration or operation or on the ownership of any motor vehicle, or for the exercise of the profession of chauffeur, by any municipal corporation, the provisions of any city charter to the contrary notwithstanding: xxxx;

thus eliminating there from the provision allowing the imposition of equitable insular, local or municipal property tax upon motor vehicles. This same provision was later on incorporated verbatim into, and became Section 59 (b) of the Land Transportation and Traffic Code (Republic Act 4136) that took effect on 20 June 1964.

The issue that this case presents for resolution by this Court, therefore, is whether or not Section 17(a) of the City Charter of Bacolod, empowering the council to tax motor vehicles, has been repealed by the amendatory provision of Republic Act 587, and by Section 59(b) of Republic Act 4136. There is nothing new or novel to this question.

In a 1953 case that put to test the validity of an ordinance levying a so-called property tax on all motor vehicles operating in the City of Manila, this Court had already ruled that Section 70(b) of Act 3992[4] constituted a limitation on the broad grant of power conferred upon the city by its charter. Thus, we said:

"The ordinance in question falls under the foregoing rules. While it refers to property tax and it is fixed ad valorem, yet we cannot reject the idea that it is merely levied on motor vehicles operating within the City of Manila with the main purpose of raising funds to be expended exclusively for the repair, maintenance and improvement of the streets and bridges in said city. This is precisely what the Motor Vehicle Law (Act No. 3992) intends to prevent, for the reason that, under said Act, municipal corporations already participate in the

distribution of the proceeds that are raised for the same purpose of repairing, maintaining and improving bridges and public highways (section 73 of the Motor Vehicle Law). This prohibition is intended to prevent duplication in the imposition of fees for the same purpose. It is for this reason that we believe that the ordinance in question merely imposes a license fee although under the cloak of an ad valorem tax to circumvent the prohibition above adverted to." (Association of Customs Brokers, Inc. vs. Municipal Board, 93 Phil. 107, 111).

In a later case^[5] also brought to its attention and involving a taxing ordinance passed by the Quezon City Council, this Court expressly declared the amendatory provision of Republic Act 587 to have repealed Section 12 (c) of the Charter of Quezon City (Republic Act 537), an earlier legislation that authorized the taxing or licensing or regulation by the city of transportation business in operation in said territory. Reasoning its judgment, this Court stated:

" x x x Section 17 of Republic Act No. 587 provides that 'no other taxes or fees than those prescribed in this Act shall be imposed for the registration or operation, or on the owner of any motor vehicle, or for the exercise of the profession of chauffeur, by any municipal corporation, the provisions of any city charter to the contrary notwithstanding.' Being a later enactment, it must be deemed to have replaced the pro tanto Section 12 (c) of Republic Act No. 537, the Revised Charter of Quezon City. The business of transportation comprises simply the operation of motor vehicles defined in the Revised Motor Vehicle Law (Section 3 of Article 11) as including 'all vehicles using the public highways, if propelled by any power other than muscular power'. To tax or impose a license fee on the transportation business of the appellee is therefore to tax or impose a license fee on the operation by the appellee of its vehicles, already exclusively covered by the Revised Motor Vehicles Law."

Following the foregoing ruling, it is clear that Republic Act No. 587, amending Section 70(b) of Act 3992, and Republic Act 4136, prohibiting the imposition of the tax or fee of any kind, other than those therein provided, upon the registration ownership or operation of motor vehicles, being later enactments, should be construed as having repealed Section 17(a) of the Charter of the City of Bacolod. Consequently, the passage by the City Council of Bacolod of Ordinance No. 875, series of 1966, based on such Section 17(a) of Commonwealth Act 326, as amended, is adjudged unauthorized, and the declaration of its nullity by the court below was proper and justified.

WHEREFORE, the decision appealed from is hereby affirmed, without pronouncement as to costs.

Concepcion, C.J., Dizon, Makalintal, Zaldivar, Castro, Fernando, Teehankee, Barredo, and Villamor, JJ., concur. Makasiar, J., did not take part.

[1] Under the ordinance, TPU operators with 1 to 5 units shall pay an annual license fee of P50.00; those with 6 to 10 units, P100.00; with 11 to 15 units, P150.00, and so on.

[2] Approved on 18 June 1938.

[3] Before its amendment, Section 70(b) of the Revised Motor Vehicle Law reads:

"(b) No further fees than those fixed in this Act shall be exacted or demanded by any public authority of these Islands for the operation use of any motor vehicle on any public highway, bridge or ferry, or for the exercise of the profession of chauffeur, or for the operation of any motor vehicle by the owner thereof provided however, That, nothing in this Act shall be construed to exempt any motor vehicle from the payment of any lawful and equitable insular, local or municipal property tax imposed thereupon: x x x."

[4] Even before its amendment by Republic Act 587.

[5] Heras vs. The City Treasurer of Quezon City, 109 Phil. 930, 934-935.

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