ALTERNATIVE CENTER FOR ORGANIZATIONAL REFORMS AND DEVELOPMENT, INC. (ACORD), BALAY MINDANAW FOUNDATION, INC. (BMFI); BARRIOS, INC.; CAMARINES SUR NGO-PO DEVELOPMENT NETWORK, INC...

G.R. NO. 144256. June 08, 2005

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

Pursuant to Section 22, Article VII of the Constitution[1] mandating the President to submit to Congress a budget of expenditures within thirty days before the opening of every regular session, then President Joseph Ejercito Estrada submitted the National Expenditures Program for Fiscal Year 2000. In the said Program, the President proposed an Internal Revenue Allotment (IRA) in the amount of P121,778,000,000 following the formula provided for in Section 284 of the Local Government Code of 1992, viz:

> SECTION 284. Allotment of Internal Revenue Taxes. – Local government units shall have a share in the national internal revenue taxes based on the collection of the third fiscal year preceding the current fiscal year as follows:
>
> (a) On the first year of the effectivity of this Code, thirty percent (30%);
>
> (b) On the second year, thirty-five percent (35%); and
>
> (c) On the third year and thereafter, forty percent (40%).
>
> x x x (Emphasis supplied)

On February 16, 2000, the President approved House Bill No. 8374 – a bill sponsored in the Senate by then Senator John H. Osmeña who was the Chairman of the Committee on Finance. This bill became Republic Act No. 8760, "AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND, AND FOR OTHER PURPOSES".

The act, otherwise known as the General Appropriations Act (GAA) for the Year 2000, provides under the heading "ALLOCATIONS TO LOCAL GOVERNMENT UNITS" that the IRA for local government units shall amount to P111,778,000,000:

> XXXVII. ALLOCATIONS TO LOCAL
>
> GOVERNMENT UNITS
>
> A. INTERNAL REVENUE ALLOTMENT

For apportionment of the shares of local government units in the internal revenue taxes in accordance with the purpose indicated hereunder P111,778,000,000

New Appropriations, by Purpose

Current Operating Expenditures

Personal Services Maintenance and Other Operating Expenses Capital Outlays Total

A. PURPOSE(S)

a. Internal Revenue Allotment P111,778,000,000 P111,778,000,000

x x x

TOTAL NEW APPROPRIATIONS P111,778,000,000

In another part of the GAA, under the heading "UNPROGRAMMED FUND," it is provided that an amount of P10,000,000,000 (P10 Billion), apart from the P111,778,000,000 mentioned above, shall be used to fund the IRA, which amount shall be released only when the original revenue targets submitted by the President to Congress can be realized based on a quarterly assessment to be conducted by certain committees which the GAA specifies, namely, the Development Budget Coordinating Committee, the Committee on Finance of the Senate, and the Committee on Appropriations of the House of Representatives.

LIV. UNPROGRAMMED FUND

For fund requirements in accordance with the purposes indicated hereunder P48,681,831,000

A. PURPOSE(S)

x x x x

6. Additional Operational Requirements and Projects of Agencies P14,788,764,000

x x x x

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Special Provisions

- Release of the Fund. The amounts herein appropriated shall be released only when the revenue collections exceed the original revenue targets submitted by the President of the Philippines to Congress pursuant to Section 22, Article VII of the Constitution or when the corresponding funding or receipts for the purpose have been realized except in the special cases covered by specific procedures in Special Provision Nos. 2, 3, 4, 5, 7, 8, 9, 13 and 14 herein: PROVIDED, That in cases of foreign-assisted projects, the existence of a perfected loan agreement shall be sufficient compliance for the issuance of a Special Allotment Release Order covering the loan proceeds: PROVIDED, FURTHER, That no amount of the Unprogrammed Fund shall be funded out of the savings generated from programmed items in this Act.

x x x x

-

Additional Operational Requirements and Projects of Agencies. The appropriations for Purpose 6 – Additional Operational Requirements and Projects of Agencies herein indicated shall be released only when the original revenue targets submitted by the President of the Philippines to Congress pursuant to Section 22, Article VII of the Constitution can be realized based on a quarterly assessment of the Development Budget Coordinating Committee, the Committee on Finance of the Senate and the Committee on Appropriations of the House of Representatives and shall be used to fund the following:

x x x

Internal Revenue Allotments

Maintenance and Other Operating Expenses P10,000,000,000

Total, IRA P10,000,000,000

x x x x

Total P14,788,764,000

x x x x (Emphasis supplied)

Thus, while the GAA appropriates P111,778,000,000 of IRA as Programmed Fund, it appropriates a separate amount of P10 Billion of IRA under the classification of Unprogrammed Fund, the latter amount to be released only upon the occurrence of the condition stated in the GAA.

On August 22, 2000, a number of non-governmental organizations (NGOs) and people's organizations, along with three barangay officials filed with this Court the petition at bar, for Certiorari, Prohibition and Mandamus With Application for Temporary Restraining Order, against respondents then Executive Secretary Ronaldo Zamora,

then Secretary of the Department of Budget and Management Benjamin Diokno, then National Treasurer Leonor Magtolis-Briones, and the Commission on Audit, challenging the constitutionality of above-quoted provision of XXXVII (ALLOCATIONS TO LOCAL GOVERNMENT UNITS) referred to by petitioners as Section 1, XXXVII (A), and LIV (UNPROGRAMMED FUND) Special Provisions 1 and 4 of the GAA (the GAA provisions).

Petitioners contend that:

> - SECTION 1, XXXVII (A) AND LIV, SPECIAL PROVISIONS 1 AND 4, OF THE YEAR 2000 GAA ARE NULL AND VOID FOR BEING UNCONSTITUTIONAL AS THEY VIOLATE THE AUTONOMY OF LOCAL GOVERNMENTS BY UNLAWFULLY REDUCING BY TEN BILLION PESOS (P10 BILLION) THE INTERNAL REVENUE ALLOTMENTS DUE TO THE LOCAL GOVERNMENTS AND WITHHOLDING THE RELEASE OF SUCH AMOUNT BY PLACING THE SAME UNDER "UNPROGRAMMED FUNDS." THIS VIOLATES THE CONSTITUTIONAL MANDATE IN ART. X, SEC. 6, THAT THE LOCAL GOVERNMENT UNITS' JUST SHARE IN THE NATIONAL TAXES SHALL BE AUTOMATICALLY RELEASED TO THEM. IT ALSO VIOLATES THE LOCAL GOVERNMENT CODE, SPECIFICALLY, SECS. 18, 284, AND 286.
>
> - SECTION 1, XXXVII (A) AND LIV, SPECIAL PROVISIONS 1 AND 4, OF THE YEAR 2000 GAA ARE NULL AND VOID FOR BEING UNCONSTITUTIONAL AS THEY VIOLATE THE AUTONOMY OF LOCAL GOVERNMENTS BY PLACING TEN BILLION PESOS (P10 BILLION) OF THE INTERNAL REVENUE ALLOTMENTS DUE TO THE LOCAL GOVERNMENTS, EFFECTIVELY AND PRACTICALLY, WITHIN THE CONTROL OF THE CENTRAL AUTHORITIES.
>
> - SECTION 1, XXXVII (A) AND LIV, SPECIAL PROVISIONS 1 AND 4, OF THE YEAR 2000 GAA ARE NULL AND VOID FOR BEING UNCONSTITUTIONAL AS THE PLACING OF P10 BILLION PESOS OF THE IRA UNDER "UNPROGRAMMED FUNDS" CONSTITUTES AN UNDUE DELEGATION OF LEGISLATIVE POWER TO THE RESPONDENTS.
>
> - SECTION 1, XXXVII (A) AND LIV, SPECIAL PROVISIONS 1 AND 4, OF THE YEAR 2000 GAA ARE NULL AND VOID FOR BEING UNCONSTITUTIONAL AS THE PLACING OF P10 BILLION PESOS OF THE IRA UNDER "UNPROGRAMMED FUNDS" CONSTITUTES AN AMENDMENT OF THE LOCAL GOVERNMENT CODE OF 1991, WHICH CANNOT BE DONE IN A GENERAL APPROPRIATIONS ACT AND WHICH PURPOSE WAS NOT REFLECTED IN THE TITLE OF THE YEAR 2000 GAA.
>
> - THE YEAR 2000 GAA'S REDUCTION OF THE IRA UNDERMINES THE FOUNDATION OF OUR LOCAL GOVERNANCE SYSTEM WHICH IS ESSENTIAL TO THE EFFICIENT OPERATION OF THE GOVERNMENT AND THE DEVELOPMENT OF THE NATION.
>
> - THE CONGRESS AND THE EXECUTIVE, IN PASSING AND APPROVING, RESPECTIVELY, THE YEAR 2000 GAA, AND THE RESPONDENTS, IN IMPLEMENTING THE SAID YEAR 2000 GAA, INSOFAR AS SECTION 1, XXXVII (A) AND LIV, SPECIAL PROVISIONS 1 AND 4, ARE CONCERNED, ACTED WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION AS THEY TRANSGRESSED THE CONSTITUTION AND THE LOCAL GOVERNMENT CODE'S PROHIBITION ON ANY INVALID REDUCTION AND WITHHOLDING OF THE LOCAL GOVERNMENTS' IRA. (Underscoring supplied)

After the parties had filed their respective memoranda, a "MOTION FOR INTERVENTION/MOTION TO ADMIT ATTACHED PETITION FOR INTERVENTION" was filed on October 22, 2001 by the Province of Batangas, represented by then Governor Hermilando I. Mandanas.

On November 6, 2001, the Province of Nueva Ecija, represented by Governor Tomas N. Joson III, likewise filed a

"MOTION FOR LEAVE OF COURT TO INTERVENE AND FILE PETITION-IN-INTERVENTION".

The motions for intervention, both of which adopted the arguments of the main petition,[2] were granted by this Court.[3]

Although the effectivity of the Year 2000 GAA has ceased, this Court shall nonetheless proceed to resolve the issues raised in the present case, it being impressed with public interest. The ruling of this Court in the case of The Province of Batangas v. Romulo,[4] wherein GAA provisions relating to the IRA were likewise challenged, is in point, to wit:

> Granting arguendo that, as contended by the respondents, the resolution of the case had already been overtaken by supervening events as the IRA, including the LGSEF, for 1999, 2000 and 2001, had already been released and the government is now operating under a new appropriations law, still, there is compelling reason for this Court to resolve the substantive issue raised by the instant petition. Supervening events, whether intended or accidental, cannot prevent the Court from rendering a decision if there is a grave violation of the Constitution. Even in cases where supervening events had made the cases moot, the Court did not hesitate to resolve the legal or constitutional issues raised to formulate controlling principles to guide the bench, bar and public.
>
> Another reason justifying the resolution by this Court of the substantive issue now before it is the rule that courts will decide a question otherwise moot and academic if it is "capable of repetition, yet evading review." For the GAAs in the coming years may contain provisos similar to those now being sought to be invalidated, and yet, the question may not be decided before another GAA is enacted. It, thus, behooves this Court to make a categorical ruling on the substantive issue now.[5]

Passing on the arguments of all parties, bearing in mind the dictum that "the court should not form a rule of constitutional law broader than is required by the precise facts to which it is applied,"[6] this Court finds that only the following issues need to be resolved in the present petition: (1) whether the petition contains proper verifications and certifications against forum-shopping, (2) whether petitioners have the requisite standing to file this suit, and (3) whether the questioned provisions violate the constitutional injunction that the just share of local governments in the national taxes or the IRA shall be automatically released.

Sufficiency of Verification and Certification Against Forum-Shopping

Respondents assail as improperly executed petitioners' verifications and certifications against forum-shopping as they merely state that the allegations of the Petition are "true of our knowledge and belief" instead of "true and correct of our personal knowledge or based on authentic records" as required under Rule 7, Section 4 of the Rules of Court.[7]

Jurisprudence is on petitioners' side. In Decano v. Edu,[8]this Court held:

> Respondents finally raise a technical point referring to the allegedly defective verification of the petition filed in the trial court, contending that the clause in the verification statement "that I have read the contents of the said petition; and that [to] the best of my knowledge are true and correct" is insufficient since under section 6 of Rule 7, it is required that the person verifying must have read the pleading and that the allegations thereof are true of his own knowledge. We do not see any reason for rendering the said verification void. The statement "to the best of my knowledge are true and correct" referring to the allegations in the petition does not mean mere "knowledge, information and belief." It constitutes substantial compliance with the requirement of section 6 of Rule 7, as held in Madrigal vs. Rodas (80 Phil. 252.). At any rate, this petty technicality deserves scant consideration where the question at issue is one purely of law and there is no need of delving into the veracity of the allegations in the petition, which are not disputed at all by respondents. As we have held time and again, imperfections of form and technicalities of procedure are to be disregarded except where substantial rights would otherwise be prejudiced. (Emphasis and underscoring supplied)

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Respondents go on to claim that the same verifications were signed by persons who were not authorized by the incorporated cause-oriented groups which they claim to represent, hence, the Petition should be treated as an unsigned pleading.

Indeed, only duly authorized natural persons may execute verifications in behalf of juridical entities such as petitioners NGOs and people's organizations. As this Court held in Santos v. CA, "In fact, physical actions, e.g., signing and delivery of documents, may be performed on behalf of the corporate entity only by specifically authorized individuals."[9]

Nonetheless, the present petition cannot be treated as an unsigned pleading. For even if the rule that representatives of corporate entities must present the requisite authorization were to be strictly applied, there would remain among the multi-group-petitioners the individuals who validly executed verifications in their own names, namely, petitioners Adelino C. Lavador, Punong Barangay Isabel Mendez, and Punong Barangay Carolina Romanos.

At all events, in light of the following ruling of this Court in Shipside Inc. v. CA:[10]

> . . . in Loyola, Roadway, and Uy, the Court excused non-compliance with the requirement as to the certificate of non-forum shopping. With more reason should we allow the instant petition since petitioner herein did submit a certification on non-forum shopping, failing only to show proof that the signatory was authorized to do so. That petitioner subsequently submitted a secretary's certificate attesting that Balbin was authorized to file an action on behalf of petitioner likewise mitigates this oversight.
>
> It must also be kept in mind that while the requirement of the certificate of non-forum shopping is mandatory, nonetheless the requirements must not be interpreted too literally and thus defeat the objective of preventing the undesirable practice of forum-shopping (Bernardo v. NLRC, 255 SCRA 108 [1996]). Lastly, technical rules of procedure should be used to promote, not frustrate justice. While the swift unclogging of court dockets is a laudable objective, the granting of substantial justice is an even more urgent ideal. (Underscoring supplied),

a too literal interpretation must be avoided if it defeats the objective of preventing the practice of forum shopping.

Standing

Respondents assail petitioners' standing in this controversy, proffering that it is the local government units – each having a separate juridical entity – which stand to be injured.

The subsequent intervention of the provinces of Batangas and Nueva Ecija which have adopted the arguments of petitioners has, however, made the question of standing academic.[11]

Respondents, contending that petitioners have no cause of action against them as they claim to have no responsibility with respect to the mandate of the GAA provisions, proffer that the committees mentioned in the GAA provisions, namely, the Development Budget Coordinating Committee, Committee on Finance of the Senate, and Committee on Appropriations of the House of Representatives, should instead have been impleaded.

Respondents' position does not lie.

The GAA provisions being challenged were not to be implemented solely by the committees specifically mentioned therein, for they being in the nature of appropriations provisions, they were also to be implemented by the executive branch, particularly the Department of Budget and Management (DBM) and the National Treasurer. The task of the committees related merely to the conduct of the quarterly assessment required in the provisions, and not in the actual release of the IRA which is the duty of the executive. Since the present controversy centers

on the proper manner of releasing the IRA, the impleaded respondents are the proper parties to this suit.

In fact in earlier petitions likewise involving the constitutionality of provisions of previous general appropriations acts which this Court granted, the therein respondent officials were the same as those in the present case, e.g., Guingona v. Carague[12] and PHILCONSA v. Enriquez.[13]

Constitutionality of the GAA Provisions

Article X, Section 6 of the Constitution provides:

> SECTION 6. Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them.

Petitioners argue that the GAA violated this constitutional mandate when it made the release of IRA contingent on whether revenue collections could meet the revenue targets originally submitted by the President, rather than making the release automatic.

Respondents counterargue that the above constitutional provision is addressed not to the legislature but to the executive, hence, the same does not prevent the legislature from imposing conditions upon the release of the IRA. They cite the exchange between Commissioner (now Chief Justice) Davide and Commissioner Nolledo in the deliberations of the Constitutional Commission on the above-quoted Sec. 6, Art. X of the Constitution, to wit:

> THE PRESIDENT. How about the second sentence?
>
> MR. DAVIDE. The second sentence would be a new section that would be Section 13. As modified it will read as follows: "LOCAL GOVERNMENT UNITS SHALL HAVE A JUST SHARE, AS DETERMINED BY LAW, in the national taxes WHICH SHALL BE automatically PERIODICALLY released to them."
>
> MR. NOLLEDO. That will be Section 12, subsection (1) in the amendment.
>
> MR. DAVIDE. No, we will just delete that because the second would be another section so Section 12 would only be this: "LOCAL GOVERNMENT UNITS SHALL HAVE A JUST SHARE, AS DETERMINED BY LAW, in the national taxes WHICH SHALL BE automatically PERIODICALLY released to them."
>
> MR. NOLLEDO. But the word "PERIODICALLY" may mean possibly withholding the automatic release to them by adopting certain periods of automatic release. If we use the word "automatically" without "PERIODICALLY," the latter may be already contemplated by "automatically." So, the Committee objects to the word "PERIODICALLY."
>
> MR. DAVIDE. If we do not say PERIODICALLY, it might be very, very difficult to comply with it because these are taxes collected and actually released by the national government every quarter. It is not that upon collection a portion should immediately be released. It is quarterly. Otherwise, the national government will have to remit everyday and that would be very expensive.
>
> MR. NOLLEDO. That is not hindered by the word "automatically." But if we put "automatically" and "PERIODICALLY" at the same time, that means certain periods have to be observed as will be set forth by the Budget Officer thereby negating the meaning of "automatically."
>
> MR. DAVIDE. On the other hand, if we do not state PERIODICALLY, it may be done every semester; it may be done at the end of the year. It is still automatic release.
>
> MR. NOLLEDO. As far as the Committee is concerned, we vigorously object to the word "PERIODICALLY."
>
> MR. DAVIDE. Only the word PERIODICALLY?
>
> MR. NOLLEDO. If the Commissioner is amenable to deleting that, we will accept the amendment.

> MR. DAVIDE. I will agree to the deletion of the word PERIODICALLY.
>
> MR. NOLLEDO. Thank you.
>
> The Committee accepts the amendment. (Emphasis supplied)[14]

In the above exchange of statements, it is clear that although Commissioners Davide and Nolledo held different views with regard to the proper wording of the constitutional provision, they shared a common assumption that the entity which would execute the automatic release of internal revenue was the executive department.

Commissioner Davide referred to the national government as the entity that collects and remits internal revenue. Similarly, Commissioner Nolledo alluded to the Budget Officer, who is clearly under the executive branch.

Respondents thus infer that the subject constitutional provision merely prevents the executive branch of the government from "unilaterally" withholding the IRA, but not the legislature from authorizing the executive branch to withhold the same. In the words of respondents, "This essentially means that the President or any member of the Executive Department cannot unilaterally, i.e., without the backing of statute, withhold the release of the IRA."[15]

Respondents' position does not lie.

As the Constitution lays upon the executive the duty to automatically release the just share of local governments in the national taxes, so it enjoins the legislature not to pass laws that might prevent the executive from performing this duty. To hold that the executive branch may disregard constitutional provisions which define its duties, provided it has the backing of statute, is virtually to make the Constitution amendable by statute – a proposition which is patently absurd.

Moreover, there is merit in the argument of the intervenor Province of Batangas that, if indeed the framers intended to allow the enactment of statutes making the release of IRA conditional instead of automatic, then Article X, Section 6 of the Constitution would have been worded differently. Instead of reading "Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them" (italics supplied), it would have read as follows, so the Province of Batangas posits:

> "Local government units shall have a just share, as determined by law, in the national taxes which shall be [automatically] released to them as provided by law," or,
>
> "Local government units shall have a just share in the national taxes which shall be [automatically] released to them as provided by law," or
>
> "Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them subject to exceptions Congress may provide."[16] (Italics supplied)

Since, under Article X, Section 6 of the Constitution, only the just share of local governments is qualified by the words "as determined by law," and not the release thereof, the plain implication is that Congress is not authorized by the Constitution to hinder or impede the automatic release of the IRA.

Indeed, that Article X, Section 6 of the Constitution did bind the legislative just as much as the executive branch was presumed in the ruling of this Court in the case of The Province of Batangas v. Romulo[17] which is analogous in many respects to the one at bar.

In Batangas, the petitioner therein challenged the constitutionality of certain provisos of the GAAs for FY 1999, 2000, and 2001 which set up the Local Government Service Equalization Fund (LGSEF). The LGSEF was a portion of the IRA which was to be released only upon a finding of the Oversight Committee on Devolution that

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the LGU concerned had complied with the guidelines issued by said committee. This Court measured the challenged legislative acts against Article X, Section 6 and declared them unconstitutional – a ruling which presupposes that the legislature, like the executive, is mandated by said constitutional provision to ensure that the just share of local governments in the national taxes are automatically released.

Respondents, in further support of their claim that the automatic release requirement in the Constitution constrains only the executive branch and not the legislature, cite three statutory provisions whereby the legislature authorized the executive branch to withhold the IRA in certain circumstances, namely, Section 70 of the Philippine National Police Reform and Reorganization Act of 1998,[18] Section 531(e) of the Local Government Code,[19] and Section 10 of Republic Act 7924 (1995).[20] Towards the same end, respondents also cite Rule XXXII, Article 383(c) of the Rules and Regulations Implementing the Local Government Code.[21]

While statutes and implementing rules are entitled to great weight in constitutional construction as indicators of contemporaneous interpretation, such interpretation is not necessarily binding or conclusive on the courts. In Tañada v. Cuenco, the Court held:

> As a consequence, "where the meaning of a constitutional provision is clear, a contemporaneous or practical . . . executive interpretation thereof is entitled to no weight and will not be allowed to distort or in any way change its natural meaning." The reason is that "the application of the doctrine of contemporaneous construction is more restricted as applied to the interpretation of constitutional provisions than when applied to statutory provisions," and that "except as to matters committed by the constitution itself to the discretion of some other department, contemporaneous or practical construction is not necessarily binding upon the courts, even in a doubtful case." Hence, "if in the judgment of the court, such construction is erroneous and its further application is not made imperative by any paramount considerations of public policy, it may be rejected." (Emphasis and underscoring supplied, citations omitted)[22]

The validity of the legislative acts assailed in the present case should, therefore, be assessed in light of Article X, Section 6 of the Constitution.

Again, in Batangas,[23] this Court interpreted the subject constitutional provision as follows:

> When parsed, it would be readily seen that this provision mandates that (1) the LGUs shall have a "just share" in the national taxes; (2) the "just share" shall be determined by law; and (3) the "just share" shall be automatically released to the LGUs.
>
> x x x
>
> Webster's Third New International Dictionary defines "automatic" as "involuntary either wholly or to a major extent so that any activity of the will is largely negligible; of a reflex nature; without volition; mechanical; like or suggestive of an automaton." Further, the word "automatically" is defined as "in an automatic manner: without thought or conscious intention." Being "automatic," thus, connotes something mechanical, spontaneous and perfunctory. x x x" (Emphasis and underscoring supplied)[24]

Further on, the Court held:

> To the Court's mind, the entire process involving the distribution and release of the LGSEF is constitutionally impermissible. The LGSEF is part of the IRA or "just share" of the LGUs in the national taxes. To subject its distribution and release to the vagaries of the implementing rules and regulations, including the guidelines and mechanisms unilaterally prescribed by the Oversight Committee from time to time, as sanctioned by the assailed provisos in the GAAs of 1999, 2000 and 2001 and the OCD resolutions, makes the release not automatic, a flagrant violation of the constitutional and statutory mandate that the "just share" of the LGUs "shall be automatically released to them." The LGUs are, thus, placed at the mercy of the Oversight Committee.

> Where the law, the Constitution in this case, is clear and unambiguous, it must be taken to mean exactly what it says, and courts have no choice but to see to it that the mandate is obeyed. Moreover, as correctly posited by the petitioner, the use of the word "shall" connotes a mandatory order. Its use in a statute denotes an imperative obligation and is inconsistent with the idea of discretion. x x x (Emphasis and underscoring supplied)[25]

While "automatic release" implies that the just share of the local governments determined by law should be released to them as a matter of course, the GAA provisions, on the other hand, withhold its release pending an event which is not even certain of occurring. To rule that the term "automatic release" contemplates such conditional release would be to strip the term "automatic" of all meaning.

Additionally, to interpret the term automatic release in such a broad manner would be inconsistent with the ruling in Pimentel v. Aguirre.[26] In the said case, the executive withheld the release of the IRA pending an assessment very similar to the one provided in the GAA. This Court ruled that such withholding contravened the constitutional mandate of an automatic release, viz:

> Section 4 of AO 372 cannot, however, be upheld. A basic feature of local fiscal autonomy is the automatic release of the shares of LGUs in the national internal revenue. This is mandated by no less than the Constitution. The Local Government Code specifies further that the release shall be made directly to the LGU concerned within five (5) days after every quarter of the year and "shall not be subject to any lien or holdback that may be imposed by the national government for whatever purpose." As a rule, the term "shall" is a word of command that must be given a compulsory meaning. The provision is, therefore, imperative.
>
> Section 4 of AO 372, however, orders the withholding, effective January 1, 1998, of 10 percent of the LGUs' IRA "pending the assessment and evaluation by the Development Budget Coordinating Committee of the emerging fiscal situation" in the country. Such withholding clearly contravenes the Constitution and the law. x x x[27] (Italics in the original; underscoring supplied)

There is no substantial difference between the withholding of IRA involved in Pimentel and that in the present case, except that here it is the legislature, not the executive, which has authorized the withholding of the IRA. The distinction notwithstanding, the ruling in Pimentel remains applicable. As explained above, Article X, Section 6 of the Constitution – the same provision relied upon in Pimentel – enjoins both the legislative and executive branches of government. Hence, as in Pimentel, under the same constitutional provision, the legislative is barred from withholding the release of the IRA.

It bears stressing, however, that in light of the proviso in Section 284 of the Local Government Code which reads:

> Provided, That in the event that the national government incurs an unmanageable public sector deficit, the President of the Philippines is hereby authorized, upon the recommendation of Secretary of Finance, Secretary of Interior and Local Government and Secretary of Budget and Management, and subject to consultation with the presiding officers of both Houses of Congress and the presidents of the "liga," to make the necessary adjustments in the internal revenue allotment of local government units but in no case shall the allotment be less than thirty percent (30%) of the collection of national internal revenue taxes of the third fiscal year preceding the current fiscal year: Provided, further, That in the first year of the effectivity of this Code, the local government units shall, in addition to the thirty percent (30%) internal revenue allotment which shall include the cost of devolved functions for essential public services, be entitled to receive the amount equivalent to the cost of devolved personal services. (Underscoring supplied),

the only possible exception to mandatory automatic release of the IRA is, as held in Batangas:

> ...if the national internal revenue collections for the current fiscal year is less than 40 percent of the collections of the preceding third fiscal year, in which case what should be automatically released shall be a proportionate amount of the collections for the current fiscal year. The adjustment may even be made on a quarterly basis

> depending on the actual collections of national internal revenue taxes for the quarter of the current fiscal year. x x x[28]

A final word. This Court recognizes that the passage of the GAA provisions by Congress was motivated by the laudable intent to "lower the budget deficit in line with prudent fiscal management."[29] The pronouncement in Pimentel, however, must be echoed: "[T]he rule of law requires that even the best intentions must be carried out within the parameters of the Constitution and the law. Verily, laudable purposes must be carried out by legal methods."[30]

WHEREFORE, the petition is GRANTED. XXXVII and LIV Special Provisions 1 and 4 of the Year 2000 GAA are hereby declared unconstitutional insofar as they set apart a portion of the IRA, in the amount of P10 Billion, as part of the UNPROGRAMMED FUND.

SO ORDERED.

Davide, Jr., C.J., Panganiban, Quisumbing, Ynares-Santiago, Sandoval-Gutierrez, Carpio, Austria-Martinez, Corona, Callejo, Sr., Azcuna, Tinga, Chico-Nazario, and Garcia, JJ., concur.
Puno, J., on official leave.

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[1] "The President shall submit to the Congress within thirty days from the opening of every regular session, as the basis of the general appropriations bill, a budget of expenditures and sources of financing, including receipts from existing and proposed revenue measures."

[2] The Petition-in-Intervention of the Province of Batangas states: "Intervenor joins the Petitioners in the Main Petition and fully subscribes and supports the position taken and arguments presented by the latter." (Rollo at 315) Similarly, the Petition-in-Intervention With Motion for Early Resolution of Case filed by the Province of Nueva Ecija states: "Petitioner-intervenor, thru this instant petition-in-intervention, joins cause with the petitioners in the above-captioned case and with Movant-intervenor Province of Batangas, represented by its Governor, Hon. Hermilando I. Mandanas, which filed its petition-in-intervention before this Honorable Supreme Court on 18 October 2001, as well as with such other local government units which may file their petitions and/or motions to intervene in the above-captioned case; x x x" (Rollo at 350)

[3] Rollo at 363.

[4] 429 SCRA 736 (2004).

[5] Id. at 757-758.

[6] Demetria v. Alba, 148 SCRA 208, 211 (1987), see also the concurring opinion of Justice Vicente Mendoza in Estrada v. Desierto, 353 SCRA 452, 550 (2001).

[7] SECTION 4. Verification. — Except when otherwise specifically required by law or rule, pleadings need not be under oath, verified or accompanied by affidavit.

A pleading is verified by an affidavit that the affiant has read the pleading and that the allegations therein are true and correct of his personal knowledge or based on authentic records.

A pleading required to be verified which contains a verification based on "information and belief," or upon "knowledge, information and belief," or lacks a proper verification, shall be treated as an unsigned pleading.

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[8] 99 SCRA 410, 420 (1980).

[9] 360 SCRA 521, 526 (2001).

[10] 352 SCRA 334, 346-347 (2001).

[11] Vide Pimentel v. Aguirre, 336 SCRA 201, 213 (2000).

[12] 196 SCRA 221 (1991).

[13] 235 SCRA 506 (1994).

[14] III RECORD 479-480.

[15] Rollo at 274, emphasis in the original.

[16] Id. at 329-330.

[17] Supra.

[18] SECTION 70. Budget Allocation. – The annual budget of the Local Government Units (LGU) shall include an item and the corresponding appropriation for the maintenance and operation of their local PLEBs.
The Secretary shall submit a report to Congress and the President within fifteen (15) days from the effectivity of this Act on the number of PLEBs already organized as well as the LGUs still without PLEBs. Municipalities or cities without a PLEB or with an insufficient number of organized PLEBs shall have thirty (30) days to organize their respective PLEBs. After such period, the DILG and the Department of Budget and Management shall withhold the release of the LGUs share in the national taxes in cities and municipalities still without PLEB(s). (Rollo at 276, emphasis in the original)

[19] This provision is among the Transitory Provisions of the Code, and is quoted by respondents as follows:

> "SECTION 531. Debt Relief for Local Government Units.— x x x (e) Recovery schemes for the national government. – Local government units shall pay back the national government whatever amounts were advanced or offset by the national government to settle their obligations to GFIs, GOCCs, and private utilities. The national government shall not charge interest or penalties on the outstanding balance owed by the local government units.
> "These outstanding obligations shall be restructured and an amortization schedule prepared, based on the capability of the local government unit to pay, taking into consideration the amount owed to the national government.
> "The national government is hereby authorized to deduct from the quarterly share of each local government unit in the internal revenue collections an amount to be determined on the basis of the amortization schedule of the local unit concerned: Provided, That such amount shall not exceed five percent (5%) of the monthly internal revenue allotment of the local government unit concerned.
> x x x" (Rollo at 276-277, emphasis in the original)

[20] Sources of Funds and the Operating Budget of MMDA:

> (d) Five percent (5%) of the total annual gross revenue of the preceding year, net of the internal revenue allotment, or each local government unit mentioned in Section 2 hereof, shall accrue and become payable monthly to the MMDA by each city or municipality. In case of failure to remit the said fixed contribution, the DBM shall cause the disbursement of the same to the MMDA chargeable against the IRA allotment of the city or municipality concerned, the provisions of Section 286 of RA 7160 to the contrary notwithstanding. (Rollo at

277, emphasis in the original)

[21] ARTICLE 383. Automatic Release of IRA Shares of LGUs. – x x x

(c) The IRA share of LGUs shall not be subject to any lien or holdback that may be imposed by the National Government for whatever purpose unless otherwise provided in the Code or other applicable laws and loan contract or project agreements arising from foreign loans and international commitments, such as premium contributions of LGUs to the Government Service Insurance System and loans contracted by LGUs under foreign-assisted projects. (Rollo at 277, emphasis in the original)

[22] 103 Phil. 1051, 1075-1076 (1957).

[23] Supra.

[24] Supra at 760.

[25] Supra at 763.

[26] 336 SCRA 201 (2000).

[27] Id. at 220-221 (2000).

[28] Supra at 768.

[29] Respondents quote former Senator Osmeña's written reply to their query pertaining to the present case, in which the senator made the following explanation: "In the course of the annual budget deliberations, Congress at times sees the need to classify certain expenditures of the national government as part of the Unprogrammed Fund, which, by definition, are released only when additional funding sources are made available. This becomes necessary when the revenue targets submitted by the President to Congress are deemed optimistic given the conditions prevailing in the economy. The overriding objective is to lessen the gap between revenues and expenditures and thus lower the budget deficit in line with prudent fiscal management. For FY 2000 budget the local government units have been asked to share in the burden of the revenue shortfall when the amount of P10 Billion of the 121.778 Billion IRA has been appropriated under the unprogrammed fund." (Rollo at 127-128, underscoring supplied)

[30] Supra at 221.

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