COMMONWEALTH TRANSPORT SERVICES AND DEVELOPMENT COOPERATIVE, PETITIONER, VS. GIL L. TEVES, JR., RESPONDENT.

G.R. No. 254653, April 22, 2026

Ponente: SINGH, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-254653/

SINGH, J.:

The Court resolves a Petition for Review on Certiorari[1] under Rule 45 of the Rules of Court, assailing the Decision,[2] dated April 26, 2019, and the Amended Decision,[3] dated December 7, 2020, of the Court of Appeals (CA) in CA-G.R. CV No. 111206. The CA granted the appeal filed by Gil L. Teves, Jr. (Teves) reversing the Decision,[4] dated April 21, 2017, of Branch 77, Regional Trial Court of San Mateo, Rizal (RTC) in Civil Case No. 2405, which dismissed Teves's Complaint for Damages and Injunction with Application for a Writ of Preliminary Injunction and/or Temporary Restraining Order (Complaint).[5] The CA directed Commonwealth Transport Services and Development Cooperative (COMMTRANSDECO) to cease and desist from imposing and collecting a PHP 10.00 per trip terminal fee from Teves and other jeepney drivers.[6] In the Amended Decision, the CA granted Teves's Motion for Partial Reconsideration and ordered COMMTRANSDECO to pay him PHP 150,000.00 in temperate damages, with legal interest.[7]

The Facts

On October 19, 2010, Teves filed the Complaint against COMMTRANSDECO and the Municipality of San Mateo, assailing the imposition of a PHP 10.00 per trip terminal fee at the common terminal of Barangay Maly, San Mateo, Rizal.[8]

Teves alleged that he is the driver of a jeepney plying the route of Barangay Maly, San Mateo, Rizal to Philcoa, Quezon City via Constitutional Road and vice versa. The jeepney operator, Rosita Tabon, is the holder of a Certificate of Public Convenience (CPC) for said route issued by the Land Transportation Franchising and Regulatory Board.[9]

On January 9, 2008, the Office of the Sangguniang Bayan of San Mateo, Rizal, issued Resolution No. 2008-001, which identified an open space that will serve as a common terminal for the members of COMMTRANSDECO plying the Barangay Maly-Philcoa route.[10]

On January 27, 2008, Teves and some 80 jeepney drivers signed a petition opposing the establishment of said common terminal. Despite the opposition, Ordinance No. 2008-004, dated February 18, 2008, of the Transportation Code of San Mateo, Rizal, was passed.[11] The relevant portion of the Ordinance provides:

> Seksyon 33.
>
> a. Lahat ng mga pampublikong pampasaherong 'dyipni' na namamasa sa rutang nagmumula at/o nagtatapos sa alinmangpook sa loob ng nasasakupan ng Bayan ng San Mateo, Rizal ay inaatasang humimpil sa tamang terminal na itinalaga ng Public Utility Franchise Regulatory Board (PUFRB).
>
> b. Ang pagtatakda o pagbabago ng terminal o sakayan ay kailangan ng pagpayag ng PUFRB, sa pribado man o

> publikong lupain, tuwiran mang pinamamahalaan ng Pamahalaang Bayan o nang awtorisadong asosasyon o kooperatiba.
>
> c. Ang alintuntunin 'Nauna sa Pila, Mauuna sa Biyahe' ay ipapatupad sa mga sakayan.
>
> d. Mahigit na ipinagbabawal ang trip-cutting.
>
> e. Magtatakda ng 'checkpoint' ng Traffic Enforcement Group upang siyasatin ang sticker at stub ng mga pumapasadang yunit.
>
> f. Hindi gagawaran ng sticker at stub ang alinmang yunit na may kaduda-duda, malabo o palsong prangkisa, gayundin ang mga kolorom na 'dyipni'. Ituturing na lumalabag sa trip cutting ang alinmang walang stub.
>
> g. Ang gastusin na kaugnay sa operasyon ng mga sakayan gaya ng upa, bayad dispats[y]er, bayad sa kuryente/tubig, pasahod sa mga kawani at iba pa ay manggagaling sa kabuuang koleksyon ng terminal fees.[12] (Emphasis supplied.)

Ordinance No. 2008-004 did not provide for the collection of the PHP 10.00 per trip terminal fee at the common terminal.[13] Nonetheless, COMMTRANSDECO and the Municipality of San Mateo, Rizal collected, starting April 2008, a terminal fee, in the following manner:

> (1)
>
> Upon reaching the common terminal at Barangay Maly, ticket stubs are issued by COMMTRANSDECO to jeepney drivers after payment of a PHP 10.00 terminal fee;
>
> (2)
>
> The drivers then surrender the tickets to members of the Traffic Enforcement Group of the Municipality of San Mateo, Rizal, on their way back to Philcoa. Otherwise, they will be automatically deemed guilty of trip-cutting and forced to pay a fine in the amount of PHP 500.00; and
>
> (3)
>
> The payment of the fine must be made at the Municipal Hall of San Mateo, Rizal, before the driver can continue to ply the route.[14]

Teves argued that this method does not curb trip-cutting because ticket stubs are also issued at the city hall for vehicles corning from Philcoa. The drivers of these vehicles are then allowed to return to Philcoa without proceeding to the common terminal at Barangay Maly, San Mateo. After all, COMMTRANSDECO and the Municipality of San Mateo jointly operate the system of collecting terminal fees.[15] Thus, the exaction of a terminal fee in exchange for a stub does not serve its purpose of reducing trip-cutting.[16] Aside from not serving the purpose of the Ordinance, the means employed for the accomplishment thereof are also unreasonable and oppressive.[17]

Teves prayed for the issuance of a Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction against COMMTRANSDECO and the Municipality of San Mateo, prohibiting and enjoining them from imposing and collecting terminal fees or implementing Ordinance No. 2008-004, and payment of PHP 79,300.00 in actual damages, PHP 100,000.00 in exemplary damages, PHP 100,000.00 in moral damages, attorney's fees and costs of litigation.[18]

In an Order, dated November 23, 2010, the RTC denied the application for the issuance of a TRO.[19]

Teves then filed, and the RTC admitted, a Supplemental Complaint on June 3, 2011. The Municipality of San Mateo, Rizal, and the Office of the Municipal Mayor of San Mateo filed their Answer to the Supplemental

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

Complaint on July 19, 2011, where they merely interposed a general denial of Teves's allegations. On August 2, 2011, COMMTRANSDECO filed its Answer, arguing that: (1) it neither harassed nor consented to any action that could be construed as harassment of Teves; (2)the damages claimed by Teves are based on mere speculation and lack direct evidence to substantiate them.[20]

During the pre-trial conference, the parties agreed to litigate the following issues: (1) whether COMMTRANSDECO should be enjoined from collecting the subject terminal fees; (2) whether the Municipality of San Mateo should be enjoined from implementing Ordinance No. 2008-004; (3) whether Teves is entitled to recover actual, moral and exemplary damages, attorney's fees and costs of litigation. Thereafter, trial ensued.[21]

The Ruling of the RTC
In its Decision, dated April 21, 2017, the RTC dismissed the Complaint.[22]

The RTC ruled that Ordinance No. 2008-004 is a valid exercise of police power by the Municipality of San Mateo, Rizal pursuant to the General Welfare Clause or Section 16 of the Local Government Code of 1991.[23] It reasoned that: (1) the material and substantial distinction requirement is fulfilled because the jeepney drivers plying the San Mateo-Philcoa route engage in the practice of trip-cutting; (2) Ordinance No. 2008-004 was intended to prevent trip-cutting and to decongest traffic within the area; (3) it applies to existing and future conditions; (4) it applies to all holders of CPCs plying the San Mateo-Philcoa route; and (5) the implementation of Ordinance No. 2008-004 is an effective measure in addressing the issue of trip-cutting.[24]

The RTC denied Teves's Motion for Reconsideration in an Order, dated October 26, 2017.[25]

Teves then appealed with the CA.[26]

He maintained that Ordinance No. 2008-004 does not contain a provision for the imposition of the questioned terminal fee. Moreover, the payment of the terminal fee as a condition for the issuance of a stub lacks legal basis. Section 33(f) of Ordinance No. 2008-004 does not enumerate non-payment of the terminal fee as one of the grounds for non-issuance of a stub and, consequently, as an instance of trip-cutting.[27]

Teves also claimed that the collection of the terminal fee is contrary to Section 130 of the Local Government Code, as only the local government units have revenue-raising powers. The collection of fees cannot be given to any private person. He further argued that the collection of the terminal fee is unconstitutional because it is an invalid exercise of police power and an undue taking of private property.[28]

Teves averred that COMMTRANSDECO and the Municipality of San Mateo violated his rights when they required the mandatory use of the common terminal, collected terminal fees, and punished the nonpossession of a stub for nonpayment of terminal fee as trip-cutting, despite the lack of an express provision in the Ordinance authorizing these measures. There is also no considerable distinction so as to set apart the jeepney drivers plying the San Mateo-Philcoa route from other jeepney drivers.[29]

The exaction of a terminal fee in exchange for a stub also does not serve its purpose of reducing trip-cutting. On the contrary, it aggravated the problem. Jeepney drivers could pay the fee and procure ticket stubs at a ticket station near the municipal hall, which is nearer than the common terminal. After securing a ticket stub at the municipal hall, the driver could drive back to Quezon City without proceeding to the common terminal. These drivers are, in effect, not completing their routes. Nevertheless, these drivers will not be apprehended for trip-cutting under the Ordinance.[30]

The Ruling of the CA
In its April 26, 2019 Decision, the CA granted Teves's appeal by directing COMMTRANSDECO and the

Municipality of San Mateo, Rizal to cease and desist from imposing and collecting the PHP 10.00 per trip terminal fee.[31] The dispositive portion reads:

> WHEREFORE, the appeal is hereby PARTIALLY GRANTED. The assailed Decision[,] dated April 21, 2017[,] and Order[,] dated October 26, 2017[,] issued by the Regional Trial Court of San Mateo, Rizal, Branch 77 in Civil Case No. 2405 are REVERSED and SET ASIDE. Defendants-appellees COMMTRANSDECO and/or Municipality of San Mateo, Rizal are hereby directed to cease and desist from imposing and collecting [PHP] 10.00 per trip terminal fee upon plaintiff-appellant and other jeepney drivers. All other claims for actual, moral, exemplary damages, attorney's fees[,] and costs of litigation are dismissed.
>
> SO ORDERED.[32] (Emphasis in the original)

Resolving the Motion for Partial Reconsideration filed by OMMTRANSDECO and the Partial Motion for Reconsideration filed by Teves, the CA rendered an Amended Decision on December 7, 2020, modifying its prior ruling by ordering COMMTRANSDECO to pay Teves PHP 150,000.00 in temperate damages, with interest at the rate of 6% per annum from the finality of the Amended Decision until fully paid.[33] The dispositive portion reads:

> WHEREFORE, premises considered, Defendant-Appellee COMMTRANSDECO's Motion for Partial Reconsideration and Defendants-Appellees Municipality of San Mateo, Rizal and the Office of the Municipal Mayor of San Mateo, Rizal's Motion for Partial Reconsideration are DENIED. Plaintiff-Appellant Gil L. Teves Jr.'s Partial Motion for Reconsideration is PARTIALLY GRANTED. Our Decision, dated April 26, 2019[,] is hereby MODIFIED in that Defendant-Appellee COMMTRANSDECO is hereby ordered to pay Plaintiff-Appellant Gil L. Teves[,] Jr. [PHP] 150,000.00 as temperate damages, the amount of which shall earn interest at the rate of [6% per annum] from the date of finality of this Decision until fully paid.
>
> SO ORDERED.[34] (Emphasis in the original)

The CA held that COMMTRANSDECO and the Municipality of San Mateo invalidly used the police powers of the LGU in imposing and collecting terminal fees.[35] Thus, the policy measure of imposing and collecting the PHP 10.00 terminal fee should be struck down.[36] The CA reasoned as follows:

First, the wording of Section 33(g), Ordinance No. 2008-004 does not support any imposition or collection of terminal fees in the amount of PHP 10.00 per trip from jeepney drivers. It simply states that the expenses in connection with the operation of the common terminal shall be sourced from the total collection of terminal fees. Thus, the act of COMMTRANSDECO and/or the Municipality of San Mateo, Rizal, in imposing and collecting a terminal fee of PHP 10.00 per trip has no basis.[37]

Second, the CA held that there is no showing that public interest required the imposition and collection of the subject terminal fee. It does not ease traffic or prevent trip-cutting. On the contrary, Teves was able to demonstrate that the measure failed to prevent trip-cutting and only aggravated the same. The imposition and collection of the subject terminal fee per trip, and the issuance of stubs as proof thereof, do not take place at the common terminal only. COMMTRANSDECO and the Municipality of San Mateo, Rizal established another station at the municipal hall where they impose and collect the same terminal fee and issue stubs to jeepney drivers. Based on the records, the municipal hall is more or less three kilometers from the common terminal at Barangay Maly. Proceeding to the municipal hall instead of going all the way to the common terminal at Barangay Maly constitutes trip-cutting or a breach in the drivers' contract of carriage, because their CPC specifies the Barangay Maly-Philcoa route.[38]

Third, the CA found the PHP 10.00 per trip terminal fee as unduly oppressive, excessive and prohibitive upon Teves because it is equivalent to 30% of his daily earnings as a jeepney driver. The rate of the terminal fee is

unreasonably large and excessive in proportion to the daily earnings of Teves. Moreover, there was no explanation as to how the PHP 10.00 per trip terminal fee was arrived at. It is therefore arbitrary because there is no showing that it was proportionate to the costs of the operation and maintenance of the common terminal.[39]

COMMTRANSDECO's Motion for Partial Reconsideration of the above ruling was denied for being a mere rehash of matters previously considered in the April 26, 2019 CA Decision.[40] Its additional argument that the question of the validity of Ordinance No. 2008-004 should not have been entertained by the CA, since it was raised for the first time on appeal, was found to be without merit. The CA explained that its Decision did not focus on the validity of the Ordinance, but the validity of the exercise of police power when COMMTRANSDECO and/or the Municipality of San Mateo imposed and collected the PHP 10.00 per trip terminal fee. The CA emphasized that Teves properly raised the issue of whether the RTC erred in ruling that the collection of the terminal fee is permissible and constitutional for being a valid exercise of police power in the assignment of errors of his appeal. COMMTRANSDECO then presented its counterarguments thereto.[41]

Aggrieved, COMMTRANSDECO filed the present Petition where it reiterates that (1) Section 33(g) of Ordinance No. 2008-004 actually allows the collection of the PHP 10.00 per trip terminal fee;[42] and (2) the legality and validity of Ordinance No. 2008-004 should not have been entertained by the CA as it was raised for the first time on appeal.[43] Thus, the CA Decisions should be reversed and the RTC Decision dismissing Teves's Complaint should be reinstated.[44]

The Issue

Did the CA err in striking down the imposition and collection of the PHP 10.00 per trip terminal fee by COMMTRANSDECO?

The Ruling of the Court

The main issue before the Court is whether the imposition and collection of the PHP 10.00 per trip terminal fee is a valid exercise of police power by COMMTRANSDECO and the Municipality of San Mateo, Rizal.

The police power of the State has been defined as the "state authority to enact legislation that may interfere with personal liberty or property in order to promote the general welfare."[45] It consists of (1) an imposition of restraint upon liberty or property, (2) in order to foster the common good.[46]

Fernando v. St. Scholastica's College,[47] explained the delegation of police power from the State to the LGUs:

> Police power is the plenary power vested in the legislature to make statutes and ordinances to promote the health, morals, peace, education, good order or safety and general welfare of the people. The State, through the legislature, has delegated the exercise of police power to local government units, as agencies of the State.
>
> This delegation of police power is embodied in Section 16 of the Local Government Code of 1991 (R.A. No. 7160), known as the General Welfare Clause, which has two branches. The first, known as the general legislative power, authorizes the municipal council to enact ordinances and make regulations not repugnant to law, as may be necessary to carry into effect and discharge the powers and duties conferred upon the municipal council by law. The second, known as the police power proper, authorizes the municipality to enact ordinances as may be necessary and proper for the health and safety, prosperity, morals, peace, good order, comfort, and convenience of the municipality and its inhabitants, and for the protection of their property.[48] (Emphasis supplied)

LGUs are considered to have properly exercised their police powers only if the following requisites are met: (1) the interests of the public generally, as distinguished from those of a particular class, require the interference of the State; and (2) the means employed are reasonably necessary for the attainment of the object sought to be accomplished and not unduly oppressive.[49] A reasonable relation must exist between the purpose of the police

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

measure and the means employed for its accomplishment, for even under the guise of protecting the public interest, personal rights and those pertaining to private property will not be permitted to be arbitrarily invaded.[50]

Without the concurrence of said two requisites, the police power measure shall be struck down as an arbitrary intrusion into private rights and a violation of the due process clause.[51]

Applying the above standards to this case, the CA found that (1) public interest does not require the imposition and collection of the subject terminal fee; and (2) the means used to attain the measure's alleged purpose was arbitrary and oppressive.[52]

The primary purpose of Ordinance No. 2008-004 is to reduce trip-cutting and ease traffic in San Mateo. However, as demonstrated by Teves and found by the CA, the imposition and collection of the PHP 10.00 per trip terminal fee is neither authorized by the Ordinance[53] nor reasonably necessary to achieve its objective. As the CA found, the system allowed jeepney drivers to obtain ticket stubs at the municipal hall, located three kilometers away from the common terminal, without completing their prescribed routes,[54] thereby facilitating, not deterring, trip-cutting. While reducing trip-cutting is a legitimate public welfare concern, the subject fee fails the reasonable-necessity test because the scheme is misaligned with, and in fact undermines, the Ordinance's stated purpose.

The Court likewise adopts the CA finding that the PHP 10.00 per trip terminal fee is unduly oppressive and arbitrary. Said fee represents 30% of Teves's daily earnings as a jeepney driver, making it excessive and burdensome upon him to pay the same.[55] The Court also notes that COMMTRANSDECO and the Municipality of San Mateo failed to show how the fee was determined or whether it was proportionate to the costs of operating and maintaining the common terminal. The lack of transparency and justification for the amount of the fee renders its imposition arbitrary and oppressive.

In Lucena Grand Central Terminal, Inc. v. Jae Liner, Inc.,[56] the compulsory use of a terminal operated by therein petitioner was deemed unduly oppressive because it subjected the users thereof to fees, rentals and charges.[57] Similarly, in this case, the use of the common terminal was properly struck down by the CA for subjecting Teves and the concerned jeepney drivers to arbitrary and oppressive fees without basis in fact and law, thereby violating their property rights.[58]

In questioning the CA's ruling, COMMTRANSDECO merely rehashes the arguments in its comment and Motion for Partial Reconsideration in the CA.

First, COMMTRANSDECO insists that Ordinance No. 2008-004 allows the collection of the PHP 10.00 per trip terminal fee. Thus, it has basis in law.[59] It cites Section 33(g) of the Ordinance, which provides:

> g. Ang gastusin na kaugnay sa operasyon ng mga sakayan gaya ng upa, bayad dispats[y]er, bayad sa kuryente/tubig, pasahod sa mga kawani at iba pa ay manggagaling sa kabuuang koleksyon ng terminal fees. (Emphasis supplied)

A reading of the above provision shows that Section 33(g) of Ordinance No. 2008-004 merely provides that the expenses for operating the common terminal shall be sourced from the total collection of terminal fees. It does not expressly authorize the imposition or collection of a PHP 10.00 per trip terminal fee from jeepney drivers. The Court agrees with the CA that the collection of such fees by COMMTRANSDECO and/or the Municipality of San Mateo has no specific legal basis under the Ordinance.

Second, COMMTRANSDECO argues that the CA should not have entertained the issue of the Ordinance's validity, as it was raised for the first time on appeal.[60] However, as the CA explained, its Decision did not delve into the validity of the Ordinance, but merely assessed whether the imposition and collection of the PHP 10.00

terminal fee constituted a valid exercise of police power. After all, Teves sufficiently raised the issue of whether the RTC erred in ruling that the collection of the terminal fee is permissible and constitutional as an exercise of police power in the assignment of errors in his CA appeal, and COMMTRANSDECO presented counterarguments thereto during the proceedings.[61]

All told, the CA correctly ruled that the imposition and collection of the PHP 10.00 per trip terminal fee by COMMTRANSDECO is an invalid exercise of police power and must be struck down.

The CA also acted within its discretion.in awarding temperate damages to Teves to compensate for the unjust deprivation of his earnings. Temperate damages may be recovered when one has suffered some pecuniary loss even if its amount cannot be determined with exact certainty.[62] The amount thereof is usually left to the discretion of the courts, bearing in mind that temperate damages should be more than nominal but less than compensatory.[63]

In this case, the CA noted that, since the imposition of the unlawful terminal fee and the subsequent action by COMMTRANSDECO of refusing to issue him the required ticket stubs, Teves alleged a loss of income in the amount of PHP 200.00 daily from April 2008 to January 2017. Considering that it is not customary for Public Utility Jeepneys to issue receipts to their passengers, the CA recognized that the amount of loss of Teves indeed cannot be proved with certainty. Nonetheless, the fact that there has been loss on his part was established.[64] In the exercise of its discretion, the CA deemed an award of PHP 150,000.00 just and reasonable for Teves's loss of income. The Petition having failed to offer a compelling reason to deviate from this ruling, the Court adopts the same.

ACCORDINGLY, the Petition for Review on Certiorari is DENIED. The Decision, dated April 26, 2019, and the Amended Decision, dated December 7, 2020 of the Court of Appeals, in CA-G.R. CV No. 111206, are AFFIRMED.

Commonwealth Transport Services and Development Cooperative and/or the Municipality of San Mateo, Rizal are DIRECTED to cease and desist from imposing and collecting PHP 10.00 per trip terminal fee upon respondent Gil L. Teves, Jr. and other jeepney drivers.

Commonwealth Transport Services and Development Cooperative is ORDERED to pay respondent Gil L. Teves, Jr. PHP 150,000.00 in temperate damages, with interest at the rate of 6% per annum from the finality of this Decision until fully paid.

SO ORDERED.

Gesmundo, C.J., Caguioa, Hernando, Lazaro-Javier, Inting, Zalameda, Gaerlan, Rosario, Dimaampao, Marquez, Kho, Jr., and Villanueva, JJ., concur.
Leonen, SAJ., see concurring opinion.
Lopez,[*] J., on leave.

---

[*] On leave.

[1] Rollo, pp. 15-38.

[2] Id. at 40-54. Penned by Associate Justice Ramon A. Cruz and concurred in by Associate Justices Ramon M. Bato, Jr. and Ronaldo Roberto B. Martin of the Eighth Division, Court of Appeals, Manila City.

[3] Id. at 56-62. Penned by Associate Justice Ramon A. Cruz and concurred in by Associate Justices Ramon M.

Bato, Jr. and Ronaldo Roberto B. Martin of the Former Eighth Division, Court of Appeals, Manila City.

[4] Id. at 64-83. Penned by Presiding Judge Lily Villareal Biton of Branch 77, Regional Trial Court of San Mateo, Rizal.

[5] Id. at 83.

[6] Id. at 52.

[7] Id. at 61.

[8] Id. at 40-41.

[9] Id. at 41.

[10] Id.

[11] Id.

[12] Id. at 18-19.

[13] Id. at 41.

[14] Id.

[15] Id. at 42.

[16] Id. at 45.

[17] Id.

[18] Id. at 42.

[19] Id.

[20] Id.

[21] Id.

[22] Id. at 83.

[23] Id. at 43.

[24] Id.

[25] Id.

[26] Id.

[27] Id. at 44.

[28] Id.

[29] Id. at 45.

[30] Id.

[31] Id. at 52.

[32] Id. at 52.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

[33] Id. at 61.

[34] Id.

[35] Id. at 46.

[36] Id. at 49.

[37] Id.

[38] Id. at 49.

[39] Id. at 50.

[40] Id. at 59-60.

[41] Id. at 58.

[42] Id. at 26-27.

[43] Id. at 32.

[44] Id. at 37.

[45] Zabal v. President Duterte, 846 Phil. 743, 799-800 (2019) [Per J. Del Castillo, En Banc].

[46] Id. at 800.

[47] 706 Phil. 138 (2013) [Per J. Mendoza, En Banc].

[48] Id. at 156.

[49] Social Justice Society v. Atienza, Jr., 568 Phil. 658, 702 (2008) [Per J. Corona, First Division].

[50] Id. at 704.

[51] City of Manila v. Laguio, Jr., 495 Phil. 289, 313 (2005) [Per J. Tinga, En Banc].

[52] Rollo, pp. 49-50.

[53] Id. at 49.

[54] Id.

[55] Id. at 50.

[56] 492 Phil. 314 (2005) [Per J. Carpio-Morales, En Banc].

[57] Id. at 325.

[58] Rollo, p. 50.

[59] Id. at 26-27.

[60] Id. at 32.

[61] Id. at 58.

[62] CIVIL CODE, art. 2224.

[63] College Assurance Plan v. Belfranlt Development, Inc., 563 Phil. 355, 367 (2007) [Per J. Austria-Martinez,

Third Division].

[64] Rollo, pp. 59-60.

CONCURRING OPINION

LEONEN, SAJ.:

I concur with the ponencia in denying the petition. The imposition and collection of the PHP 10.00 per trip terminal fee constitutes an invalid exercise of police power. I write this opinion to share my observations.

I

Ordinances have been characterized as issuances enacted by local government units in the exercise of their "derivative legislative power."[1] These issuances are deemed valid and constitutional until and unless declared invalid by the judiciary.[2] City of Cagayan De Oro v. Cagayan Electric Power & Light Co., Inc.[3] explained the meaning and purpose of this rule:

> For the same reason, the presumption extends to legislative acts of local governments, as well. Thus, ordinances too are presumed constitutional, and, in addition, they are also presumed consistent with the law. This is necessary because one of the requisites of a valid ordinance is that it does not contravene any statute. An ordinance that is incompatible with the law is ultra vires and hence null and void.
>
> To this end, when an action assailing an ordinance is brought before a court, the judge must, as a rule, presume that the ordinance is valid and therefore charge the plaintiff with the burden of showing otherwise. In U.S. v. Salaveria, the Court, speaking through Justice Malcolm, laid down the basis for the presumption in this wise:The presumption is all in favor of validity x x x. The action of the elected representatives of the people cannot be lightly set aside. The councilors must, in the very nature of things, be familiar with the necessities of their particular municipality and with all the facts and circumstances which surround the subject and necessitate action. The local legislative body, by enacting the ordinance, has in effect given notice that the regulations are essential to the well-being of the people[.][4] (Citations omitted)

The presumption that an ordinance is valid and constitutional may however "be set aside when invalidity or unreasonableness: (1) appears on the face of the ordinance or (2) is established by proper evidence."[5] In City of Manila v. Laguio, Jr.,[6] this Court laid down the test in determining the validity of an ordinance:

> A long line of decisions has held that for an ordinance to be valid, it must not only be within the corporate powers of the local government unit to enact and must be passed according to the procedure prescribed by law, it must also conform to the following substantive requirements: (1) must not contravene the Constitution or any statute; (2) must not be unfair or oppressive; (3) must not be partial or discriminatory; (4) must not prohibit but may regulate trade; (5) must be general and consistent with public policy; and (6) must not be unreasonable.[7] (Citation omitted)

The first characteristic of a valid ordinance is its consistency with the provisions of the Constitution. This requirement recognizes that while the Constitution guarantees local autonomy,[8] local government units remain to be mere agents of the State.[9] Accordingly, for an ordinance to be valid, its provisions must adhere "to the constitutional guaranty of due process of law."[10]

Due process of law is considered as a limitation to the government's exercise of its police power. It operates as a standard "to which governmental action should conform in order that deprivation of life, liberty or property"[11] may be considered valid.[12] The manner by which police power is restricted by this constitutional safeguard was explained in City of Manila:

> The constitutional safeguard of due process is embodied in the fiat "(N)o person shall be deprived of life, liberty or property without due process of law[.]"
>
> There is no controlling and precise definition of due process. It furnishes though a standard to which governmental action should conform in order that deprivation of life, liberty or property, in each appropriate case, be valid. This standard is aptly described as a responsiveness to the supremacy of reason, obedience to the dictates of justice, and as such it is a limitation upon the exercise of the police power.
>
> The purpose of the guaranty is to prevent governmental encroachment against the life, liberty and property of individuals; to secure the individual from the arbitrary exercise of the powers of the government, unrestrained by the established principles of private rights and distributive justice; to protect property from confiscation by legislative enactments, from seizure, forfeiture, and destruction without a trial and conviction by the ordinary mode of judicial procedure; and to secure to all persons equal and impartial justice and the benefit of the general law.
>
> The guaranty serves as a protection against arbitrary regulation, and private corporations and partnerships are "persons" within the scope of the guaranty insofar as their property is concerned.
>
> This clause has been interpreted as imposing two separate limits on government, usually called "procedural due process" and "substantive due process."
>
> Procedural due process, as the phrase implies, refers to the procedures that the government must follow before it deprives a person of life, liberty, or property. Classic procedural due process issues are concerned with what kind of notice and what form of hearing the government must provide when it takes a particular action.
>
> Substantive due process, as that phrase connotes, asks whether the government has an adequate reason for taking away a person's life, liberty, or property. In other words, substantive due process looks to whether there is a sufficient justification for the government's action. Case law in the United States (U.S.) tells us that whether there is such a justification depends very much on the level of scrutiny used. For example, if a law is in an area where only rational basis review is applied, substantive due process is met so long as the law is rationally related to a legitimate government purpose. But if it is an area where strict scrutiny is used, such as for protecting fundamental rights, then the government will meet substantive due process only if it can prove that the law is necessary to achieve a compelling government purpose.
>
> The police power granted to local government units must always be exercised with utmost observance of the rights of the people to due process and equal protection of the law. Such power cannot be exercised whimsically, arbitrarily or despotically as its exercise is subject to a qualification, limitation or restriction demanded by the respect and regard due to the prescription of the fundamental law, particularly those forming part of the Bill of Rights. Individual rights, it bears emphasis, may be adversely affected only to the extent that may fairly be required by the legitimate demands of public interest or public welfare. Due process requires the intrinsic validity of the law in interfering with the rights of the person to his life, liberty and property.[13] (Citations omitted)

In this case, it is undisputed that the passage of Ordinance No. 2008-004 was done in the exercise of the police power of the Municipality of San Mateo Rizal. In particular, the imposition and collection of a PHP 10.00 terminal fee have for its objectives the reduction of trip cutting as well as to "ease traffic in San Mateo."[14]

Jurisprudence has introduced three levels of analysis when a case involves challenges against "the validity of government regulation in relation to the due process and equal protection clauses[.]"[15] White Light Corp. v. City of Manila[16] teaches:

> The general test of the validity of an ordinance on substantive due process grounds is best tested when assessed with the evolved footnote 4 test laid down by the U.S. Supreme Court in U.S. v. Carolene Products. Footnote 4

> of the Carolene Products case acknowledged that the judiciary would defer to the legislature unless there is a discrimination against a "discrete and insular" minority or infringement of a "fundamental right." Consequently, two standards of judicial review were established: strict scrutiny for laws dealing with freedom of the mind or restricting the political process, and the rational basis standard of review for economic legislation.
>
> A third standard, denominated as heightened or immediate scrutiny, was later adopted by the U.S. Supreme Court for evaluating classifications based on gender and legitimacy. Immediate scrutiny was adopted by the U.S. Supreme Court in Craig, after the Court declined to do so in Reed v. Reed While the test may have first been articulated in equal protection analysis, it has in the United States since been applied in all substantive due process cases as well.
>
> We ourselves have often applied the rational basis test mainly in analysis of equal protection challenges. Using the rational basis examination, laws or ordinances are upheld if they rationally further a legitimate governmental interest. Under intermediate review, governmental interest is extensively examined and the availability of less restrictive measures is considered. Applying strict scrutiny, the focus is on the presence of compelling, rather than substantial, governmental interest and on the absence of less restrictive means for achieving that interest.[17] (Citations omitted)

In my separate opinion in Samahan ng mga Progresibong Kabataan v. Quezon City[18] I further expounded on the difference of these types of analysis:

> An appraisal of due process and equal protection challenges against government regulation must admit that the gravity of interests invoked by the government and the personal liberties or classification affected are not uniform. Hence, the three (3) levels of analysis that demand careful calibration: the rational basis test, intermediate review, and strict scrutiny. Each level is typified by the dual considerations of: first, the interest invoked by the government; and second, the means employed to achieve that interest.
>
> The rational basis test requires only that there be a legitimate government interest and that there is a reasonable connection between it and the means employed to achieve it.
>
> Intermediate review requires an important government interest. Here, it would suffice if government is able to demonstrate substantial connection between its interest and the means it employs. In accordance with White Light, "the availability of less restrictive measures [must have been] considered." This demands a conscientious effort at devising the least restrictive means for attaining its avowed interest. It is enough that the means employed is conceptually the least restrictive mechanism that the government may apply.
>
> Strict scrutiny applies when what is at stake are fundamental freedoms or what is involved are suspect classifications. It requires that there be a compelling state interest and that the means employed to effect it are narrowly—tailored, actually—not only conceptually-being the least restrictive means for effecting the invoked interest. Here, it does not suffice that the government contemplated on the means available to it. Rather, it must show an active effort at demonstrating the inefficacy of all possible alternatives. Here, it is required to not only explore all possible avenues but to even debunk the viability of alternatives so as to ensure that its chosen course of action is the sole effective means. To the extent practicable, this must be supported by sound data gathering mechanisms.
>
> Central Bank Employees Association, Inc. v. Bangko Sentral ng Pilipinas further explained:Under most circumstances, the Court will exercise judicial restraint in deciding questions of constitutionality, recognizing the broad discretion given to Congress in exercising its legislative power. Judicial scrutiny would be based on the "rational basis" test, and the legislative discretion would be given deferential treatment.
>
> But if the challenge to the statute is premised on the denial of a fundamental right, or the perpetuation of prejudice against persons favored by the Constitution with special protection, judicial scrutiny ought to be

> more strict. A weak and watered down view would call for the abdication of this Court's solemn duty to strike down any law repugnant lo the Constitution and the rights it enshrines. This is true whether the actor committing the unconstitutional act is a private person or the government itself or one of its instrumentalities. Oppressive acts will be struck down regardless of the character or nature of the actor[.]

Cases involving strict scrutiny innately favor the preservation of fundamental rights and the non-discrimination of protected classes. Thus, in these cases, the burden falls upon the government to prove that it was impelled by a compelling state interest and that there is actually no other less restrictive mechanism for realizing the interest that it invokes:

> Applying strict scrutiny, the focus is on the presence of compelling, rather than substantial, governmental interest and on the absence of less restrictive means for achieving that interest, and the burden befalls upon the State to prove the same.[19] (Emphasis in the original, citations omitted)

The imposition of a PHP 10.00 terminal fee is an act that affects the livelihood of the jeepney drivers. It reduces their earnings and in tum the amount that they can bring home to their family. In this case, the amount equates to 30% of the daily income of petitioner.[20] To my mind, given the assailed act's effect to the jeepney drivers, we should at least examine the challenged action using a stricter level of judicial scrutiny. I reiterate my position in Zabal v. Duterte:[21]

> The Constitution mandates more sensitivity towards several classes and identities found within our society. Social justice at all levels of governances is an overarching state policy. This envisions a dynamic social order that will ensure prosperity and "free the people from poverty" through policies which "provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all." Our fundamental law "values the dignity of every human person and guarantees full respect for human rights." Women, the youth, indigenous peoples, farmers and farmworkers, labor in general enjoy significant protection.
>
> These provisions are not merely sardonic normative ornaments. Those who find themselves at the margins of society — through the operation of an oppressive political economy, or the stereotypes of contemporary culture, or as residues of our colonial past — deserve more judicial sensitivity. With respect to the due process clause, it means that when the everyday livelihood of those found within our informal sector are affected, an invocation of their fundamental right at least deserves a stricter judicial scrutiny.[22] (Citations omitted)

Applying the strict scrutiny test, the burden is on the government to prove that the assailed act "is justified by some compelling state interest and that it is narrowly drawn."[23] In this case, however, the government failed to discharge this burden. Not only is there doubt as to whether the reduction of trip cutting and traffic congestion are interests compelling enough to warrant the imposition of the terminal fee, but the imposition is likewise not narrowly drawn as to preclude its abuse.[24] I agree with the ponencia's observation that nowhere in the ordinance does it state that petitioner and the Municipality of San Mateo is permitted to impose and collect PHP 10.00 per trip terminal fee from the jeepney drivers. The ordinance merely provides that the operational expenses of the system shall come from the terminal fees that will be collected without indicating the amount and manner of collection.[25] The lack of express stipulation in the ordinance raises questions as to how the collected fees will be managed and utilized. "In case of doubt, the least we can do is to lean towards the stance that will not put in danger the rights protected by the Constitution."[26]

Even if we assess the challenged act through the rational basis test, the imposition of the terminal fee cannot be considered constitutional.

Under this test, a governmental act is considered to be a valid exercise of police power when: "(1) the interests of the public generally, as distinguished from those of a particular class, require its exercise and (2) the means employed are reasonably necessary for the accomplishment of the purpose and not unduly oppressive upon

individuals."[27]

Notably, local legislative bodies are vested with wide discretion in determining "not only what the interests of the public require but also what measures are necessary for the protection of such interests."[28] For this reason, the inquiry should focus mainly on whether the assailed act "[is] reasonably necessary for the accomplishment of its purposes, and whether... it is unduly oppressive upon individuals."[29]

I agree with the esteemed ponente that the imposition of a PHP 10.00 per trip terminal fee cannot be considered as reasonably necessary. At the outset, while the purpose of the terminal fee was to reduce the trip cutting of jeepney drivers, it does not appear that the objective was accomplished during the time the system was being implemented. On the contrary, the Court of Appeals found that the system further facilitated the practice of trip cutting considering that the jeepney drivers were permitted "to obtain ticket stubs at the Municipal Hall, located three kilometers away from the common terminal, without completing their prescribed routes[.]"[30]

Further, the imposition and collection of the PHP 10.00 per trip terminal fee is oppressive and unreasonable.

Local Government Units "are statutorily sanctioned to impose and collect such reasonable fees and charges for services rendered."[31] To be valid, however, the amount imposed "must not exceed the cost of regulation":[32]

> For a fee to be a valid exercise of police power, therefore, the revenue incidentally generated must not exceed the cost of regulation. In Ferrer v. Bautista, this Court nullified a Quezon City ordinance imposing a garbage collection fee, even if it was for a legitimate regulatory purpose, since the ordinance did not consider "factors that could truly measure the amount of wastes generated and the appropriate fee for its collection":
> [A]lthough a special charge, tax, or assessment may be imposed by a municipal corporation, it must be reasonably commensurate to the cost of providing the garbage service. To pass judicial scrutiny, a regulatory fee must not produce revenue in excess of the cost of the regulation because such fee will be construed as an illegal tax when the revenue generated by the regulation exceeds the cost of the regulation.[33] (Citations omitted)

To reiterate, the amount of the terminal fee equates to 30% of the daily earnings of the affected jeepney drivers.[34] Notwithstanding the amount it represents, petitioner and the Municipality of San Mateo failed to indicate the factors considered to prove that the amount is reasonably commensurate to the cost of operating the common terminal. As the ponencia emphasized, the amount imposed is arbitrary given that they "failed to show how the fee was determined[.]"[35]

This Court is not unmindful of the effect of trip cutting to the riding public. It aggravates the inconvenience suffered by the commuters. However, taking into consideration the percentage to which the amount corresponds, it is incumbent upon the Municipality of San Mateo to prove that the amount is not oppressive and arbitrary on the part of the jeepney drivers.

II

The prevalence of jeepneys as a means of transportation in the Philippines cannot be understated. It is the "most popular motorized land transport mode used by commuters."[36] With around 40% of public transportation within urban areas being serviced by jeepneys, many Filipino commuters rely on these jeepneys for their transportation needs.[37]

For the Filipino commuter, jeepneys provide an affordable mode of transportation that is both accessible and convenient.[38]

Jeepney operation offers numerous job opportunities as well. It provides a source of income not only to the drivers but also to other individuals such as barkers and mechanics.[39] To some of these individuals, if not all,

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

the money they earn from this profession constitutes the main source of providing for their family. Similar to their employment, the income they receive from their livelihood can be equated to "property rights which no on1r may be deprived of without due process of law."[40] It is only proper that we ensure that their trade is protected. We should guarantee that any exaction against their property rights is commensurate to their circumstances and conditions.

ACCORDINGLY, I vote to DENY the Petition.

---

[1] J. Leonen Concurring Opinion in Samahan ng mga Progresibong Kabataan v. Quezon City, 815 Phil. 1067, 1139 (2017) [Per J. Perlas-Bernabe, En Banc]. (Citation omitted)

[2] Id.

[3] 842 Phil. 439 (2018) [Per J. A.B. Reyes, Jr., Second Division].

[4] Id. at 460.

[5] City of Batangas v. Tolentino, 902 Phil. 120, 138 (2021) [Per J. Leonen, Third Division]. (Citation omitted)

[6] 495 Phil. 289 (2005) [Per J. Tinga, En Banc].

[7] Id. at 307-308.

[8] CONST., art. X, sec. 2.

Section 2. The territorial and political subdivisions shall enjoy local autonomy.

[9] City of Batangas v. JG Summit Petrochemical Corp., 938 Phil. 210, 229 (2023) [Per J. Leonen, Second Division].

[10] Legaspi v. City of Cebu, 723 Phil. 90, 106 (2013) [Per J. Bersamin, En Banc].

[11] City of Manila v. Laguio, Jr., 495 Phil. 289, 310 (2005) [Per J. Tinga, En Banc].

[12] Id.

[13] Id. at 310-312.

[14] Ponencia, p. 10.

[15] J. Leonen Concurring Opinion in Samahan ng mga Progresibong Kabataan v. Quezon City, 815 Phil. 1067, 1146 (2017) [Per J. Perlas-Bernabe, En Banc].

[16] 596 Phil. 444 (2009) [Per J. Tinga, En Banc].

[17] Id. at 462-463.

[18] 815 Phil. 1067 (2017) [Per J. Perlas-Bernabe, En Banc].

[19] J. Leonen, Concurring Opinion in Samahan ng mga Progresibong Kabataan v. Quezon City, 815 Phil. 1067, 1147-1149 (2017) [Per J. Perlas-Bernabe, En Banc].

[20] Ponencia, p. 10.

[21] 846 Phil. 743 (2019) [Per J. Del Castillo, En Banc].

[22] J. Leonen, Dissenting Opinion in Zabal v. Duterte, 846 Phil. 743, 869 (2019) [Per J. Del Castillo, En Banc].

[23] Ople v. Torres, 354 Phil. 948, 974-975 (1998) [Per J. Puno, En Banc].

[24] Id. at 983.

[25] Ponencia, p. 11.

[26] Ople v. Torres, 354 Phil. 948, 983 (1998) [Per J. Puno, En Banc].

[27] Fernando v. St. Scholastica's College, 706 Phil. 138, 158 (2013) [Per J. Mendoza, En Banc]. (Citation omitted)

[28] Hon. Evasco vs. Montañez, 826 Phil. 449, 467 (2018) [Per J. Leonardo-De Castro, First Division]. (Citation omitted)

[29] Fable v. City of Manila, 21 Phil. 486, 490 (1912) [Per J. Carson, Second Division]. (Citation omitted)

[30] Ponencia, p. 10.

[31] 762 Phil. 233, 281 (2015) [Per J. Peralta, En Banc].

[32] Bases Conversion and Development Authority v. City Government of Baguio City, 936 Phil. 783, 813 (2023) [Per J. Leonen, Second Division].

[33] Id.

[34] Ponencia, p. 10.

[35] Id.

[36] Rafael Dimalanta, Jan Marvi Atienza, & Edrich Samonte, Putting Transport Workers and Commuters First: The Route to Just Transition in Public Transport Modernization, UP CIDS Policy Brief 2023-01, Program on Alternative Development, 1 (2023), available at https://cids.up.edu.ph/wp-content/uploads/2023/03/Putting-Transport-Workers-and-Commuters-First-The-Route-to-Just-Transition-in-Public-Transport-Modernization.pdf (last accessed, January 3, 2026)

[37] Id.

[38] Id. at 1-2.

[39] Id. at 2.

[40] Alhambra Industries, Inc. v. National Labor Relations Commission, 308 Phil. 249, 250 (1994) [Per J. Bellosillo, First Division].

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.